



Daily Report

Latin America

FBIS-LAT-94-009
Thursday
13 January 1994

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CONTENTS

13 January 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Pedro Ross Leal 'Open Agenda' Interview [Havana TV]	1
Robaina Concludes Ghana Visit, Arrives in Angola [Havana Radio]	4
Chilean Foreign Minister Meets Cuban Consul [Havana Radio]	5
Conclusion of Alarcon 10 Jan Interview [Havana Radio]	5
Workers Parliament on 'Money of Dubious Origin' [Havana Radio]	6
Roundup of Economic Activity Reported 5 to 11 Jan [Havana Radio, TV]	7

Haiti

Letter to Clinton Urges Total Blockade, Intervention [Port-au-Prince Radio]	8
DeRonceray Seeks Closed Aristide Case [Port-au-Prince Radio]	8
Fuel Shipment Scheduled, Postponed, Rescheduled [Port-au-Prince Radio]	8
Jacmel Army Commander Transferred to Headquarters [Port-au-Prince Radio]	9

Trinidad and Tobago

New Passports To Combat Fraudulent U.S. Visas [CANA]	9
--	---

NAFTA

Salinas, Canadian Trade Minister Review NAFTA [Mexico TV]	10
NAFTA Parity for Caribbean Topic for International Conference [CANA]	10

MEXICO

Foreign Relations Secretary Announces New Appointments [Mexico City TV]	11
Police Arrest Eight in Connection With 8 Jan Explosion [Mexico City TV]	11

Chiapas Crisis

Defense Secretariat Issues Bulletin Announcing Cease-Fire [Mexico City TV]	11
EZLN Threatens To Occupy Chiapas Capital Prior to Cease-Fire Notice [Madrid EFE]	13
Salinas Urges Solving Social Problems Within Law [Mexico City TV]	13
Government Signs Stability, Employment Pact [Mexico City TV]	14
New Foreign Secretary Says Chiapas Events Affect Image Abroad [Mexico City Radio]	15
Defense Secretariat Reports Recapture of Chiapas Towns [NOTIMEX]	15
Defense Secretariat Explains Aircraft Missions in Chiapas [Mexico City TV]	16
Peace Demonstration Held in Mexico City 12 Jan [Mexico City Radio]	16
Social Liberation Party Threatens To Kill Five Human Rights Leaders [Madrid EFE]	16

CENTRAL AMERICA

Guatemala

President Announces Agreement To Reach Peace in 1994 [Guatemala City TV]	17
'Text' of Peace Talks Agreement [PRENSA LIBRE 11 Jan]	17

Honduras

Roundup of Economic Developments Through 12 Jan [LA PRENSA 3 Jan]	19
---	----

Nicaragua

U.S. Instructors Reportedly Training Rebels [Managua Radio]	19
Roundup of Economic Developments Through 11 Jan [BARRICADA 4 Jan, etc.]	20
* Reorganization, Decentralization of FSLN Suggested [BARRICADA 8 Dec]	20

SOUTH AMERICA

Argentina

Top-Level Meeting Rules Out Possible Provincial 'Outbursts' [NOTICIAS ARGENTINAS]	22
Official Comments on Policy, Relations With Falklands [NOTICIAS ARGENTINAS]	22

Bolivia

Human Rights Leader Criticizes U.S. Embassy 'Onslaught' [La Paz Radio]	23
* Nature of 'Vivid Red' Group Remains Elusive	23
* Armed Forces Deny Existence [PRESENCIA 4 Dec]	23
* Shriqui Comments [PRESENCIA 5 Dec]	23

Brazil

Cardoso on Importing Canadian Wheat, Other Economic Factors [O ESTADO DE SAO PAULO 11 Jan]	23
Finance Minister Introduces Changes in Economic Plan [O ESTADO DE SAO PAULO 12 Jan]	24
Lula Denies Charges; PT To Accuse Maluf, Quercia, Others [O GLOBO 11 Jan]	24
Deputy Luiz Santos Named Government Leader in Chamber [Rio de Janeiro TV]	25
* Army Chief of Staff on Modernization Priorities [TECNOLOGIA & DEFESA Sep-Oct]	25

Chile

Interior Minister-Designate Interviewed [EL MERCURIO 2 Jan]	28
Defense Minister-Designate Discusses Military Reforms [EL MERCURIO 27 Dec]	29
Government Seeks Another Trial for Chileans in Peru [Santiago Radio]	29

Colombia

M-19 Members Seize Church, Protest U.S. Troops' Presence [Santa Fe de Bogota TV]	30
Gaviria Responds to Senators on Presence of U.S. Troops [Santa Fe de Bogota TV]	30
Doubts Remain Concerning Work of U.S. Military Personnel [Santa Fe de Bogota TV]	30
Bilateral Army Intelligence Meeting With Ecuador Announced [Hamburg DPA]	31
Mass Grave Discovered in Santander Department [Santa Fe de Bogota TV]	31
Foreign Policy Adviser Comments on Gaviria OAS Candidacy [Santa Fe de Bogota TV]	31
* Samper on Campaign, Relations With Gaviria [EL TIEMPO 5 Dec]	32
* Pastrana on Political Ideology, Border Issues [Caracas EL DIARIO DE CARACAS 12 Dec]	33
* Need To Overcome Voter Apathy Seen [EL ESPECTADOR 12 Dec]	35
* Social Security Reforms, Reaction Discussed	36
* Overview of Reforms [EL TIEMPO 5 Dec]	36
* Employers Fear Costs [EL TIEMPO 5 Dec]	38
* Labor Unions Displeased [EL TIEMPO 5 Dec]	39
* Financial Institutions Comment [EL TIEMPO 5 Dec]	39
* ANIF President on Reforms [EL TIEMPO 5 Dec]	40
* Ex-Guerrillas Joining Rural Security Forces [EL TIEMPO 2 Dec]	41

Peru

More 'Terrorists' Repent After Call To Lay Down Arms [EXPRESO 4 Jan]	41
--	----

Helicopter Crash Kills 'At Least' 15 Military Officers [AFP]	42
General Who Sentenced Guzman Dies [Madrid EFE]	42
New Commander of Upper Huallaga Command Sworn In [EL PERUANO 5 Jan]	42
Editorial Criticizes Armed Forces Promotions [EXPRESSO 5 Jan]	42
Army Officers Arrested in La Cantuta Disappearances [EXPRESO 5 Jan]	43
Public Companies Scheduled for Privatization Listed [EL PERUANO 4 Jan]	43
Roundup of Economic Developments Through 11 Jan [NOTIMEX, etc.]	44

Uruguay

Government Confirms 1994 Economic Program [EL OBSERVADOR ECONOMICO 5 Jan]	44
Agreement on Mercosur Common External Tariff Reported Near [Montevideo Radio]	45
Navy Grants 10-Day Leave To Ease Economic Woes [BUSQUEDA 5 Jan]	45
Navy To Install Complementary Artillery System in 1994 [LA MANANA 7 Jan]	45

Cuba

Pedro Ross Leal 'Open Agenda' Interview

FL1201220794 Havana Cuba Vision Network in
Spanish 0200 GMT 12 Jan 94

[Interview with Pedro Ross Leal, Politburo member and secretary general of the Cuban Workers Federation, CTC, by Antonio Resillez in Havana on the "Open Agenda" program—live]

[Text] [Resillez] Good evening. As announced, we have on our Open Agenda program today Comrade Pedro Ross, a member of the Politburo and secretary general of the CTC [Cuban Workers Federation]. I should say that we contacted Comrade Ross by phone at noon yesterday, Monday, 10 January, while he was in Pinar del Rio on a work visit. That is how we came to invite him to appear on this program today, so we could have a talk in front of the cameras with a view to informing the public.

Before beginning this conversation, I would like to recall a number of figures and reflections on the nation's financial situation: At the last ordinary session of our national assembly, our parliament, the sector minister, Comrade Jose Luis Rodriguez [minister president, State Committee for Finance], presented a list of indicators, illustrative of the tight situation our national economy is in. Of these indicators, I wish to mention only three, to serve as a reminder to our entire population. The excess currency circulating in the country at the present time is the equivalent of 14 months' salary: that is, slightly over 12 billion pesos. The state budget deficit comes to 4.6 billion. Subsidies to the sugar agroindustry in the past three years come to 7.2 billion pesos. To this I would like to add that only 30 percent of state enterprises are at the present time (?profitable). The country must obviously reverse this financial situation, the causes of which are well known to our entire population. I am talking about both national and international causes.

At this same assembly session we are talking about, our commander in chief directed that our entire population be made aware of this financial situation and actively participate in the discussion and analysis, and make proposals with regard to the group—or as he put it, the arsenal—of measures aimed at restructuring [sanear] our economy. We think it is precisely the CTC that has taken the first step in this direction, by calling for, in the name of the parliament and at the work centers, an interesting process of analyzing our financial situation.

Ross, precisely how will this process of analysis take place, throughout Cuba?

[Ross] Well, Resillez, this way: Heeding the exhortation by our commander in chief to first reflect with the workers, with our entire people, before adopting the measures that were discussed in our parliament, we have called for a process of holding assemblies with all the nation's workers. This process begins with preparing the union cadres, from the professional cadres and the

cadres at the national level, to the base-level cadres. We have over 400,000 union leaders in Cuba, and this process of preparing the union cadres [words indistinct] is going to serve to get the union leaders' opinions on these matters. It is not going to be a seminar in which the union leaders are going to passively receive our suggestions. Rather, it is going to be a dialogue, a discussion of all these matters with union leaders: provincial- and municipal-level leaders, leaders from work centers, (?from various sectors)—however it is most feasible to organize it.

We are going to discuss these subjects, placing at the center of the discussions the problems of the work centers—that is, what goes on there, what can be done at the work center—because the basic solutions to our problems lie in the efficiency we may be able to attain in the production process, or in any services we may provide, or export. Therefore, the center, the main aspect of this process, is going to be directed toward that, toward analyzing how the workers at their work centers can contribute to streamlining and revitalizing the nation's economy, by working more efficiently, making better use of material and human resources, increasing efficiency, and improving the quality of work.

[Resillez] Pedro, but, at these assemblies, these meetings with the union leaders, obviously the group of additional measures—which fall somewhere outside the framework of the work center—will also be broached.

[Ross] Indeed, but one must (?bear in mind the extent to which) the subject has already been broached at the work center—which, I reiterate, is fundamental. So we are going to see what ideas the union leaders have in this case, in this first phase, about how to solve the problems we have with internal finances; what measures can be applied to effect this restructuring [saneamiento]. For example, subjects that appeared in yesterday's editorial of the newspaper TRABAJADORES are going to be discussed. The questions to which we want the workers to provide answers during these upcoming discussions are there.

[Resillez] I see. Now Comrade Ross, parallel to this process with the union leaders—some 400,000 nationwide, as you pointed out—I know that direct assemblies are also being held at the work centers. We were saying specifically at the beginning of the program that you were at two work centers involved in this activity in Pinar del Rio. What happened there, at those work centers?

[Ross] Well, at those work centers, we tried to set up the initial experiences because indeed as you say, in parallel, we are to try this out at selected work centers throughout Cuba, so that by the time we conclude the process with the union cadres, we will have already had experience in making direct contact with the workers.

The experience we had in Pinar del Rio was a very interesting one. There was a very rich, very broad, very open discussion of problems specific to these two work

centers. One was a food industry center that produces for export. That center was, precisely, a center that was profitable until 1992. In 1993, it became unprofitable: that is, the cost per peso [value of goods produced] rose to 1.24 pesos. We sought to learn the reason for this from the workers at this center, which is a magnificent work center.

They had well identified the reasons the cost per peso had risen. Up to 1992, that cost had been 95 cents. What happened was that the center had been sent a piece of equipment that the workers had had to rebuild in order to get it operational. It was a piece of machinery that had been discontinued. This caused them to have to devote resources that had not been planned for to rebuilding the piece of machinery. Because of this, a segment of the production process was paralyzed, causing costs to rise despite great effort by the workers.

Now I can tell you that already in the early days of January 1994, the cost per peso of production at this work center comes out to 1.07; and they think they can bring production costs down to below one peso during this current month of January. That was La Primavera work center. A set of ideas as to how to reduce costs, how to achieve this, emerged there. These ideas were well defined and I am certain that that work group is going to achieve it.

A very interesting thing: La Primavera is a work group designed to consist of 111 people, but has been operating with 85 workers, 90 at most. They have reduced the indirect-labor personnel. They recommended a continuing reduction of indirect-labor personnel—the CBP's [not further identified], for example. There are four CBP's and a head of security for a center with 90 workers. So it became clear, the centers' workers and administration both realized, that this has to be further reduced because it has a big effect. There were nine CBP slots in the original personnel roster for that center, which was originally for a total of 111.

[Resillez] Pedro, at these assemblies that were, as you say, sort of pilot assemblies in Pinar del Rio, as well as at others that are going to take place [words indistinct] also talk [word or words indistinct] measures of another kind?

[Ross] Yes, of course. After the matter of what to do at that work center to increase efficiency, because it is a center that has raw materials and everything guaranteed, the measures the workers think should be adopted to streamline finances and to move the economy forward were analyzed.

The problem of prices, of the cost-free status of certain things, was discussed there. Proposals to see if the price of electricity could be raised were made for the country to *anizye*. Assessment was discussed—charging for housing according to assets and earnings. Charging for certain entertainments that are currently cost-free, such as sports and cultural events, was discussed. Also discussed was the advisability of creating a “bond of the

fatherland,” of lending the fatherland money, of our population making a loan to the nation: bonds that could be bought without interest, to be cashed in five or ten years; bonds that could be bought at a certain below-market interest rate, to be cashed in five or ten years; and bonds that citizens could buy with no intention of cashing them in. That is, there would be... [rephrases] they proposed various ways in which this could be done.

[Resillez] Yes.

[Ross] There were various proposals. For example, light was cast there... [changes thought] because it seems there is the idea, some people have gotten the idea that to change the currency would be very costly and would not solve any problems. Nevertheless, it was made clear, there, that, technically, that there is the possibility of doing that without much cost. So, what did the workers ask, based on that clarification? And what will be... [rephrases] what kind of situation will those workers with lower incomes find themselves in, because they also believe that workers with lower incomes, who practically live from day to day, could be hurt [words indistinct].

It was explained that that is not the way it is, that no one [words indistinct] change, he who obtained his money in an honorable way will have no problem whatsoever (?as regards) his money.

There the workers came out in favor of mechanisms that will permit recovery of the money that has been acquired dishonestly. That was a very strong opinion at both assemblies.

The other assembly was at a fishing center, and this idea—of how to block the path of wheeler-dealers [macetas]—not just how to recover the money, but how to avoid their proliferation. [sentence as heard] We suggested that the way to prevent action by these people, who make money off the needs of our people, is to get out of this situation.

[Resillez] Pedro, let me tell you about an idea that I have more or less been formulating as I listen to you. This massive process of consultation on the measures to clean up our internal financial situation reminds me to some extent of the process that took place some time ago, when the call to the Fourth Congress of the Communist Party of Cuba was issued. I remember that back then, thousands of people, thousands of comrades, thousands of Cubans, millions of us Cubans participated in numerous assemblies, where the opinions we all wanted to be taken before the Party Congress were collected. The CTC has today undertaken a process I would say is, though not identical, similar because of its scope and because of the way people want, in keeping with the commander in chief's guidance, for all of us to participate in understanding and to present our ideas in this regard. I think that 400,000 workers with different union responsibilities is a big number; moreover, I think the number of comrades who are going to participate in the second phase is far greater. Do we have any idea of how many comrades are going to participate, through this

process at the work centers, which have come to be called "the parliament of the work centers," and how many assemblies are to be held nationwide?

[Ross] Well, we calculate that over 80,000 assemblies will be held, and that over 3 million workers will participate in them. It is not a process by which people will gather together in one rushed meeting and raise their hands in support of a task. We would like the workers to first think about the measures that could be taken, about the significance of those measures; and we also want them to assume responsibility for those measures, because those measures also affect us all. All of us must make some sacrifice if we want any of these measures to be adopted... [changes thought] for example, at one of these centers, it was suggested that the prices of certain articles that are today subsidized should be increased. We explained that to do so meant a burden for the workers themselves. They assimilated this. They said there was no other way. This was much discussed.

Certain people suggested—for example, there at the fishing center—that the prices of all goods except bread and milk should be raised. One worker said this. Another suggested... [rephrases] a female worker stated that medical services should be charged for. And we there seized the occasion to say that, well, there are medical services that the immense majority of the citizens cannot afford. Where is he who has a child who needs heart surgery, or who needs kidney surgery or who needs a transplant, going to get the U.S. \$50,000 that any one of these operations costs? And, are we going to let him die? So then they said no.

So. Also, we have to preserve this as one of the achievements our people have attained. But in order to preserve that attainment, we have to solve other problems that will permit us to preserve the achievement.

And then the comrade said: No, it is better to increase the price of bread and milk, if need be, before charging for health care, or for education.

Nevertheless, that was a reflection of the workers themselves. Made very agreeably. And it was a very profound reflection, too, because one can see that the workers are aware of what is being dealt with.

Now they are beginning to become aware of the fact that what is being dealt with is they themselves, and therefore they take a stand. At these two work centers, the workers' sense of patriotism got to running very high. Very high. Because the proposals they made, aware of what it would mean to them, is what we hope happens at all the nation's work centers.

[Resillez] Pedro, let me insist a bit on this thought that I expressed to you regarding how this process reminds me of the Fourth [Communist Party of Cuba] Congress, of the call to the Fourth Congress.

Participation is, of course, important. It is requested. People are directed to participate, and the participation

of many of us in these work meetings is desirable. But how are you planning to gather these opinions and have them circulate—I mean, have them not just stay right there, at the assembly where they are expressed?

[Ross] In the first place, there are many matters that are brought up during this process that have to be answered—for the workers themselves, because they constitute questions, or doubts, or confusions that people sometimes have regarding a particular topic, or one thing or another. Erroneous interpretations in connection with a problem are also cleared up at these meetings. On the other hand, a document of what is put forth is being drawn up—of what is proposed, of what each one of the workers brings up—and all that is going to be summed up.

Precisely, we are going to sum up this process with the union leaders on the 29th, at a plenum of the National Committee of the CTC, where they will be able to give their opinions. We are going to discuss the principal problems brought up during this first part of the process, so that we will already have an arsenal of ideas, an arsenal of how union leaders, all the way down to base-level, think, with which to tackle the bulk of the process, the remainder of the overall process.

[Resillez] Which would begin when, Pedro?

[Ross] It would begin right after the 29th, on the 30th. Although we are holding these pilot assemblies now. For example, tomorrow we are going to be at the La Corona Cigar Factory, here in Havana. It is going to be the first such assembly in the City of Havana and will serve as a model for the leaders who have to tackle this task here in the capital. The La Corona is a historic center, because it is there that Lazaro Pena worked and carried out his union work. That is where he learned.

So, there will be answers for the workers. Whatever may be set forth in the most remote corner of the nation will be heard and taken into account. It will be taken into account.

[Resillez] Let me tell you, Pedro, that many viewers have been calling in to ask questions. Some of these questions coincide with these that we have been talking about here; other questions from our television viewers stray, actually, from the center of the informational dialogue that we have proposed to hold with Comrade Ross. But I must say that this "Open Agenda" program, as well as the entire informational system of Cuban television, will discuss abundantly many of the aspects brought up by our television viewers. Moreover, if any comrade wishes to leave his name and address, as on other occasions, the CTC—and Comrade Ross, personally—are willing to provide the answers necessary to satisfy the comrade's questions.

[Ross] Furthermore, we will be on [Radio] Progreso Saturday [15 January], at 0700, which...

[Resillez, commenting while Ross is talking] The viewer can obtain information there too.

[Ross] ...is on a topic broader than this one, not as specific as this one.

[Resillez] Great! So then, Pedro, may I infer that the process of consultations that is, in fact, already underway at all work centers under the name "the parliament at the work centers" is an element fundamental to arriving at the next session of the assembly with a greater popular consensus—a special session that is to be called in order to take up the matter of the nation's finances once again?

[Ross] Exactly. By the time we come to this next session of the assembly, since the parliamentarians of the provinces...[corrects himself] the comrade deputies of the provinces where the process is going to be held are going to participate actively in [words indistinct] they are going to be able to participate, not just listen but also answer. They are going to be able to exchange ideas with the workers. This will be a way of giving continuity to the discussions that began in our legislature.

[Resillez] At the end of December.

[Ross] At the end of December. Exactly.

[Resillez] On 28 January, the CTC celebrates its 55th anniversary. I must say that, in the last few weeks, like almost every Cuban who has had access to the newspaper TRABAJADORES, I have read and reread a group of editorials I consider very interesting, extremely interesting. These editorials set a standard, I would say; they outline tactics and strategy for the workers movement. I mean, for [words indistinct] in the present and immediate future. [Words indistinct] 55th anniversary of the CTC [words indistinct]. (?I ask you, as) secretary general of the CTC: What are the basic elements that should characterize the workers movement, at this historic moment in Cuba, on this 55th anniversary?

[Ross] We have sought to have the union movement occupy, on this 55th anniversary, the place that befits it in this battle our population is waging—because what it is a matter of; what is being defended, right now; what is at stake are the workers' vital interests. Therefore, we want the workers to be focused on defending those achievements that we have won throughout these past 35 years; on preserving [words indistinct] and of the power of the workers.

It is a matter of giving continuity to the work of the Revolution. And in order to do that, we have to get out of this situation, save the Revolution, as has been stated. And it is the workers to whom the fundamental role falls, in that connection. Therefore, the 55th anniversary will be (?marked) [word indistinct] along that line. We are not going to celebrate any festivities. We have to concentrate on this. This is our fundamental task: to defend our present and to defend our future, the future of our children. That is what this is all about. And that is the

discussion. The discussion also has to do with having the workers become aware of that.

And I think that a very good ambience is being created at the work centers. The newspaper TRABAJADORES has contributed to this.

[Resillez] I am convinced this is true, Comrade Ross; and I think that this process is also going to mark, like many another of our working class's initiatives, an important moment in the Revolution.

[Ross] Yes, Resillez. Something we notice, among the workers, is that the workers are very sure that the Revolution is not going to abandon them, that the Revolution constitutes the guarantee of their interests. They are confident that no one is going to be left helpless in this country—no one who needs help.

[Resillez] Thank you very much, Comrade Ross, for your talk; for having responded positively to our invitation despite the short time between noon yesterday and today, and for this information that we have provided for the entire country regarding a topic that is truly hot. I must add that this topic will continue to be discussed in future editions of "Open Agenda," as well as in other spots in Cuban television's informational system.

We would like to thank you, our viewers, for your attention, and we will see you again next Tuesday on "Open Agenda." Good night.

Robaina Concludes Ghana Visit, Arrives in Angola

FL1201151994 Havana Radio Progreso Network in Spanish 1200 GMT 12 Jan 93

[Text] Ghanaian President Jerry Rawlings expressed his appreciation for the support Cuba has provided to his country and sent a message of solidarity to the Cuban people. During his meeting with Cuban Foreign Minister Roberto Robaina, Rawlings stated that his government still has much to do for Cuba because somehow they must express their appreciation for all that Cuba has done for Africa.

Robaina, on the other hand, delivered a message to Rawlings from Cuban President Fidel Castro, and described the statements by the Ghanaian leader as a reflection of the historic relations between the two states. Robaina expressed appreciation for Ghana's position on such issues as the U.S. blockade of Cuba and human rights. After stating that 1993 had been the most difficult year in the history of the Cuban Revolution, Robaina predicted that 1994 would be the beginning of an ascending spiral for the Cuban people.

Robaina concluded his official two-day visit to Ghana as part of a tour of five African countries. Today, Robaina is in Luanda, Angola.

Chilean Foreign Minister Meets Cuban Consul

FL1301024594 Havana Radio Rebelde Network in Spanish 0000 GMT 13 Jan 94

[Text] On 12 January, Chilean Foreign Minister Enrique Silva Cimma met in private with Humberto Hernandez, newly appointed Cuban consul in Santiago de Chile, with whom he spoke about the status of bilateral ties. Following the meeting, Hernandez stated that both governments see as very positive the progress made in ties between the two nations since their reestablishment at consular and economic and trade levels.

Conclusion of Alarcon 10 Jan Interview

FL1201225994 Havana Radio Progreso Network in Spanish 1743 GMT 12 Jan 94

[Final part of "nonbroadcast portion" of interview with Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, ANPP, by reporters Julio Batista and Rosa Maria Godoy on the "I Have an Opinion" program, on 10 January in Havana—recorded]

[Text] [Batista] Then, you do believe that because of this situation you have been explaining regarding the complex problems the country, the government, and the National Assembly [ANPP] have to confront....[changes thought] Do you believe that in the current conditions we are experiencing, all these difficulties, problems, and efforts bring the voters closer to the parliamentary system or alienate them?

[Alarcon] I believe it brings them closer and has to do so more each day. Unfortunately, in this world where interrelations are growing, models are transposed, and concepts and preconceptions are disseminated by the movies and other means of mass media communication, many times when one thinks of a parliament, what comes to mind is some gentleman giving an address, or a group of people who debate issues, talk, are experienced in rhetoric, are persuasive, etc. This is purely a formal aspect, and I would add adjectival aspect, of what a parliament should be from the socialist or people's point of view.

This is why I insist in calling it a system of the people's government, because the key is precisely to attain, as much as possible, the people's direct participation in their government. This is why out there some people still speak of the so-called representative democracy, which is a fiction because it limits the actual role of the people the moment they elect a representative to congress or a parliament. Many times, as you know, the one who wins the election is the one who has the greatest financial resources, the one who can afford television advertising, the one who can buy votes; in the end, the one who has the most power. How many times are the people part of the work of that legislator? How many times do the people have anything to do with what the legislator does?

They see their legislator on television giving an occasional address or hear from him during an electoral campaign.

In our case, we seek, have to seek, and can achieve, precisely because of the characteristics of our society, making the relationship between the voters and their government or parliamentary system as constant as possible, as daily as possible, as real and natural as possible. I believe that this is possible—pardon the redundancy. It is possible in a true socialism and it is impossible in other societies.

[Batista] I would like to discuss the issue of the forthcoming union meetings. You were saying that the delegates have been asked to get involved in these meetings, to be present. They are going to be very busy. Many people wonder, because they see that the ANPP meets twice a year for two days of work at the Convention Center. However, our delegates are not professionals; they are comrades who have other jobs. With this I want to say that our people have to understand that that delegate is a working individual and that the ANPP works all year long. I would like you to expand on this.

[Alarcon] I believe that what you say is true. Many examples could be given, such as when the ANPP discussed the issue of energy on June. Prior to this, we had created a special committee to oversee that issue. This committee organized a series of nationwide activities, not only the meetings it held as a committee—the member delegates of that committee—but an entire program of meetings of the provincial and municipal assemblies, and also at the People's Council level. Among their activities nationwide—not every deputy visited every site—they visited various production centers and major institutions involved with the issue of energy. They held a total of 8,081 visits where they met with workers, enterprise managers, technicians, etc., to discuss local energy problems. Figure out how many hours, how many work days those delegates spent on this issue before the ANPP spent one work day on its discussion. I believe that, in terms of man-hours, it is more than any discussion on any issue by any parliament in the world.

[Batista] There is one thing that worries me. You have been explaining, as did Pedro Ross, that we need these debates on economic problems. What level of information are the masses, the workers going to receive about the main aspects to be discussed? Or are they going to find out at the time of the meeting? Is there a plan to begin to disseminate information to the people on the main issues to be discussed? How is this going to be carried out?

[Alarcon] The comrades of the labor movement are preparing to organize this program from their perspective. We believe that it is important for each of these debates to be accompanied or preceded by information presented by their respective leaderships: in other words, a series of facts or opinions by the leaders at each work

center, which should be explained to the workers, logically, prior to the beginning of the process of assembly. This is a very specific, locally oriented effort. There are going to be tens of thousands of these meetings. However, they should be properly organized. We have insisted on this to the delegates. It is not a matter of meeting for the sake of meeting but to prepare the meeting well, adequately to collect the information and necessary data so that everyone has a better chance to understand the specific situation they are going to debate.

[Godoy] Has a date been set for the special meeting of the ANPP to continue discussion of the national finance situation?

[Alarcon] The response is short: Not yet. [laughter]

[Batista] Finally: At times one reads in the newspapers and hears in the radio that 1993 was the worst year of the special period. Does this mean that 1994 will be better? What is your opinion?

[Alarcon] I believe we should make every effort to ensure that 1993 keeps its title in history as the worst year, the most difficult we have ever confronted. I believe that it lies within us, with the exception of natural calamities or unforeseen events. We live in a world full of new and unpredictable problems; but assuming that nothing extraordinary of a natural or manmade nature occurs, we are able to affirm that beginning with 1994, modestly, step by step, without spectacular results, we will be able to reverse the situation Cuba has been facing.

I believe that there are many fields in which this is possible. Once again I must mention the sugarcane harvest. It is possible to achieve a more efficient harvest through the committed efforts of all those involved in this activity and everyone not directly involved but who can support it. There is the whole movement of the sugarcane and nonsugarcane farming cooperatives and the entire effort to increase food and cane production through them. There are also efforts to reduce the budget deficit, the subsidies that these sectors receive, and thereby to help heal our national finances. This is another specific example. There are also prospects in other sectors in which the Cuba is making progress, such as tourism which is growing at a faster rate than that seen in other countries catering to tourism. In other words, there are real possibilities within our reach.

However, the key to ensuring that 1994 will be better lies in our will to achieve this and in everyone's capacity to organize and channel that will. I believe that we have returned to the same theme, the underlying theme, the core issue of our entire conversation. The key lies in organizing and channeling the collective effort of the people in specific and general terms in each place; the trust in that people, which has provided abundant proof of its capacity to resist. I am convinced that when the end of 1994 approaches, we will be able to look back and see that through our efforts we are effectively overcoming the crisis.

Workers Parliament on 'Money of Dubious Origin'

FL1201220494 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Jan 94

[Text] The so-called Workers Parliament began today at the Miguel Fernandez Tobacco Factory, formerly known as La Corona, in Havana City. In these assemblies, everyone has the opportunity to give his opinion on different aspects of our economy and finances. Juan Bautista, a worker at this factory, answered questions asked by our reporter, Roberto Cavada.

[Cavada] One of the topics that came up in this assembly, which has been called the Workers Parliament, today here in the Miguel Fernandez Tobacco Factory was the issue of whether money of dubious origin, accumulated in great quantities by small sectors of the population, should be confiscated. I was very interested in the opinion that Juan Bautista expressed to the rest of his comrades and I have asked him to express that opinion for the rest of the Cuban people. What is your opinion, Juan?

[Bautista] We believe that this money of dubious origin should be confiscated, especially since the money was obtained illegally and by exploiting the needs of the workers due to the situation that the country is currently facing.

[Cavada] How would you determine who obtained it through dubious means and who obtained it through legal means and hard work?

[Bautista] This is simple. No worker can have 200,000 pesos stashed in the bank or in his home.

[Cavada] Another of the questions that was asked today in your factory and which was debated by the workers concerned the price policy [politica de precio] that the country should follow. What is your opinion?

[Bautista] Marx established that the principle of socialistic distribution was not entirely fair but that it was the only principle realistically applicable to socialism. In other words, everyone should contribute according to his capacity and receive according to his work. The price policy would fulfill this principle of distribution that applies and should apply in socialism. Each person should contribute to society according to his capacity and should receive according to his work. This principle should allow him to have access to determined products that could be offered.

[Cavada] Juan, in a nutshell, as an old tobacco worker, how do you think the state can confront the excess of currency and restructure the economy?

[Bautista] I believe the way to confront the excess of currency is by increasing production. At the moment, we must take steps to overcome the situation; in other words, find an equilibrium between the amount of currency and the amount of goods available. The definite

solution to this problem is to increase production and the efficiency of our enterprises. I believe one of the topics that was analyzed at the assembly was subsidies to the enterprises. I believe inefficient enterprises should not be subsidized. I believe every enterprise director, together with the labor union and the rest of the organizations, should find the way for those enterprises to become efficient.

[Cavada] That is the opinion of Cuban workers. This is the case of Juan Bautista, an longtime tobacco worker, who continues to produce and give his opinion at the Miguel Fernandez Factory where today began what the Cuban Workers Federation has called the Workers Parliament.

Roundup of Economic Activity Reported 5 to 11 Jan
FL1201140594

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 5 and 11 January.

Radio Rebelde at 1000 GMT on 5 January reports that Holguin Province has begun 1994 with water levels in its reservoirs of slightly over 83 percent of potential, "one of the best situations in recent times, in this respect."

In the same newscast, Rebelde reports that the David Diaz Guardarrama Recapping Plant in Villa Clara delivered over 4,200 recapped tires for harvest use in the provinces of Santa Clara, Villa Clara, Cienfuegos, and part of Matanzas.

Lastly, Rebelde reports that "ICAIC [Cuban Institute of Cinematographic Arts and Industry] is urging all inhabitants of Plaza de la Revolucion Municipality, Havana City Province, who are interested in participating" in the filming of a joint French-Cuban movie, to apply at its offices in the Vedado section of Havana.

Radio Reloj at 2050 GMT on 5 January reports that the Spanish consortium Caguama Caribbean Hotels has announced that by late 1994 it plans to complete remodeling the Riviera Hotel in Havana in the hopes of making it a fine five-star hotel. Regarding the Caguama-Punta Blanca hotel, the group has announced that the remodeling work has begun. Ricardo Roquero, president of Caguama Caribbean Hotels, has confirmed that they chose the Caribbean, and Cuba in particular, because of the great potential and opportunities for investment.

Radio Reloj at 2052 GMT on 5 January reports that the Jose Gregorio Martinez factory in Cienfuegos repaired approximately 400 hydraulic pumps used in the KTP sugar combines in 1993. The factory workers have said that they can repair 150 pumps a month. Last year workers were not able to produce the number of cylinders, hoses, and shock absorbers needed for agricultural equipment because they did not have the necessary raw materials.

Radio Rebelde at 1800 GMT on 7 January quotes a GRANMA article today reporting that a total of 777 Basic Cooperative Production Units [UBPC's] were created nationwide in noncane agriculture in 1993. GRANMA notes that to-date, there are 62,215 caballerias under UBPC jurisdiction and that slightly over 78,000 workers have joined these units. According to data provided by the Agriculture Ministry, 407 of the 777 UBPC's tend cattle; 226, miscellaneous crops; 65, tobacco; 29, citrus plantations; 23, fish farms; 14, rice; 12, coffee; and one is a forestry unit.

Radio Reloj at 2049 GMT on 7 January reports that Tourhoteles Enterprise surpassed its foreign exchange income goal by 7 percent in 1993. During the year, this enterprise was host to 270,000 tourists from Mexico, Germany, Argentina, Italy, Guatemala, and Brazil.

Cuba Vision Network at 2320 GMT on 7 January reported that in 1993, Havana City reached an infant mortality rate of 8.9 per 1,000 live births, which is the lowest in its history. Villa Clara achieved the lowest rate in the country, 6.6.

Radio Rebelde at 1800 GMT on 8 January reports that the Solidarity Cuba-France flight has donated \$100,000 for GRANMA newspaper and other supplies. The French Communist Party senator stresses growth of the solidarity movement.

Radio Rebelde at 1255 GMT on 11 January reports that the first line of tubes [tubos] earmarked for the manufacture of Cuban bicycles has begun continuous production in areas of the (Indalecio Montejó) factory in south Ciego de Avila City.

Radio Rebelde at 1800 GMT on 11 January reports that the factory in Santa Cruz del Norte municipality, Havana Province, which makes cardboard of various weights—the only such plant in Cuba—will resume operations this month after an extensive period of inactivity due to the current economic limitations. The plant will process over 3,000 tons of cardboard of various weights with support from a Swedish-Venezuelan company, and will earmark this first shipment for the promotion of its products on the international market. "The Santa Cruz del Norte cardboard plant will use raw material acquired through foreign financing, which will allow us to make this plant part of the national strategy to bring in foreign currency."

Cuba Vision at 2330 GMT on 11 January reports that the first phase of the Palo Alto bulk sugar terminal in Ciego de Avila Province is near completion. The project, estimated at over 75 million pesos, will increase efficiency in marketing the sugar produced by 17 nearby mills, as well as reduce transportation costs. The facility is designed to handle 750 tons of sugar per hour. Minaz and Micons workers affirm the first phase will be completed within the next few weeks.

Cuba Vision adds that the San Jose White china factory in Havana is operating in the black a few months after its

inauguration. Ninety percent of the raw materials used by the factory are obtained in Cuba. The factory has already contributed \$500,000 to the national economy. It has 140 workers and operates 24 hours a day.

Cuba Vision also reports that the workers of Varadero's Tuspan Hotel accrued \$10 million in 1993, thereby fulfilling their pledge to Fidel Castro. This hotel is considered among the best in Cuba due to the quality of its service and its economic efficiency. The 230-room two-year-old hotel is a joint investment of Cubanacan and the Mexican group DSC, and is managed and marketed by the German enterprise LTI. The money earned is a significant contribution toward purchase of food and medicine for the people.

Haiti

Letter to Clinton Urges Total Blockade, Intervention

FL1201175494 Port-au-Prince Signal FM Radio in French 1130 GMT 10 Jan 94

[Text] Father Yvon Massac, Fermathe parish priest, seeks to restore Aristide. He asks U.S. President Bill Clinton to provide for the deployment of a UN mission to Haiti. In an open letter dated 7 January to the U.S. President, the Fermathe parish priest reiterates his request for a total, complete blockade, including a rigorous watch on the Haitian-Dominican border, as the means of resolving the Haitian crisis. The international community must act effectively and quickly so the suffering of the deprived masses can end, says Father Massac, who enjoins Mr. Clinton to put pressure on the military authorities to restore the president-in-exile within three months.

[Begin Massac recording, in Creole] The people ask you not to encourage any reconciliation conference in the midst of a concert of gunshots. The fact is that the coupists do not want reconciliation. They want power through blood so they can plunder. Order and safety must be restored before any national conference can be held in Haiti.

Secondly, the Haitian people are weighed down by an embargo on human rights. That is why they ask you to make the UN embargo and blockade total and complete, and to block the border between Haiti and the Dominican Republic so we can be done quickly with the sufferings of the coup.

Third, concerning the assistance of other countries in resolving the crisis, do not let the United States do anything by itself in Haiti, especially regarding Army reforms and military intervention. [end recording]

That was Father Yvon Massac, Fermathe parish priest.

DeRonceray Seeks Closed Aristide Case

FL1201174294 Port-au-Prince Signal FM Radio in French 1130 GMT 10 Jan 93

[Text] The Mobilization for National Development [MDN] party invites the UN Security Council and the countries called Friends of Haiti to commit themselves, alongside President Clinton, to the definitive closing of the Aristide file. Reacting to the U.S. President's latest statements reported by THE NEW YORK TIMES on 6 January, Professor Hubert De Ronceray congratulates himself on the fact that the State Department could finally admit to President Aristide's psychological instability. In any case, the MDN leader requires a type of relations more in conformity with the requirements of the international community's new world economic order.

[Begin De Ronceray recording] The MDN deems President Clinton's decision to reconsider the Haitian file, in light of facts accumulated over the past two years, realistic and encouraging. The U.S. Administration's open-mindedness must correspond with Haiti's political willingness in order to manage and harmonize the requirements of national reconciliation with the new international power struggles. In this respect, the Haitian people consider themselves entitled to expect from the United Nations, the OAS, and the four countries called the Friends of Haiti a type of relations more concerned with effective solidarity and more in conformity with the requirements of a new international economic order.

MDN invites the UN Security Council, the OAS, Venezuela, France, and Canada to commit themselves, alongside President Clinton, to the definitive closing of the Aristide file which is too heavy with incoherence, violence, destruction, human rights violations, and calls for foreign military invasion. [end recording]

Fuel Shipment Scheduled, Postponed, Rescheduled

FL1201172094 Port-au-Prince Radio Metropole in French 1145 GMT 12 Jan 94

[Text] On the national level, the news is the announcement of the arrival, then the postponement, then the arrival of the humanitarian fuel shipment.

First, there was the announcement last week by American Ambassador Lawrence Pezzullo, special delegate on the Haitian crisis of the U.S. secretary of state, of the arrival of the humanitarian oil shipment for 12 January. The United States then announced at the last minute, on 11 January, the postponement of the shipment, with no explanation.

This morning, an OAS spokesman made an announcement to the contrary. There is therefore confusion on the arrival of the shipment.

Jacmel Army Commander Transferred to Headquarters

FL1201180794 Port-au-Prince Signal FM Radio in French 1130 GMT 10 Jan 94

[Report by Jacmel correspondent Voltaire Rene—recorded in Creole]

[Text] Captain Yves-Marie Souffrant of the Haitian Armed Forces [FADH], head of the Jacmel district command for one year, has been transferred to FADH general headquarters.

This transfer has caused great sadness among the sporting population, especially the Star of Jacmel Soccer Team. During his time in the area, Capt. Souffrant's technical assistance gave a great boost to sports throughout the southeastern part of the country.

Trinidad and Tobago

New Passports To Combat Fraudulent U.S. Visas

FL1301013094 Bridgetown CANA in English 2149 GMT 12 Jan 94

[Text] Port-of-Spain, Trinidad, 12 Jan, CANA—The Trinidad and Tobago Government will issue new passports from the beginning of next month to combat passport fraud.

"In 1993 alone, over 300 cases of passport fraud came to our attention and for the first ten days of 1994, 18 cases have been reported," Chief Immigration Officer Arthur Harper told reporters on Wednesday.

Harper said passports were being stolen to get the United States visas which were then inserted into a fraudulent passport and sold to members of the public for as high as 10,000 Trinidad and Tobago dollars (one TT dollar - 17.5 US cents).

The Immigration chief said the passports which were being printed by a firm in the United Kingdom, had a number of built-in security features and were virtually tamper-proof.

Persons over 16 years old who have never owned a passport or whose passport has expired will have to pay 150 dollars while persons under 16 years would have to pay 75 dollars.

The holders of unexpired passports who are over 16 years will be required to pay 100 dollars for the new passport and persons under 16 years will pay 50 dollars.

Harper said all passports issued before Immigration started handing out the new ones will be declared null and void on June 30, 1995.

Salinas, Canadian Trade Minister Review NAFTA*PA0601162594 Mexico City XEW Television Network
in Spanish 0435 GMT 6 Jan 94*

[From the "24 Hours" newscast]

[Text] President Carlos Salinas de Gortari received Roy MacLaren, Canadian international trade minister, during his visit to Mexico. During a news conference held after the meeting, the Canadian minister announced the Mexican, U.S., and Canadian trade ministers will meet on 14 January in Mexico City to analyze issues such as subsidies and anti-dumping and to establish a mechanism, before the end of 1994, so other countries may join the North American Free Trade Agreement. He said Chile will be the next country to join NAFTA, but he said it is open to all the countries in the world that fulfill its requirements.

NAFTA Parity for Caribbean Topic for International Conference*FL1301012094 Bridgetown CANA in English 2109
GMT 12 Jan 94*

[Text] Bridgetown, Barbados, 12 Jan, CANA—The benefits to be derived and the implications for Caribbean Community (Caricom) countries if they obtain equal treatment under the North American Free Trade Agreement (NAFTA) will be high on the agenda of an international meeting here later this month.

In an interview with CANA, Mary Mahabir, a member of the conference's organising committee, said the January 24-25 conference will "explore the issues, options, legal aspects, and implications of obtaining parity for Barbados and the other Caricom countries".

"Because of the emerging trends in international trading, Caricom and the wider Caribbean will have to align itself with some trading bloc, whether it be NAFTA, or the General Agreement on Tariffs and Trade (GATT) arrangement," Mahabir told CANA.

"If Caricom countries are granted parity under NAFTA, essentially what this means is that they will be opening up their markets and entering in new trading arrangements.... We therefore want to look at the implications of this on Caribbean economies, our manufacturing sectors, our labour relations and so on," she said.

"Therefore the issue of parity for Caribbean states will be assessed ... so we can look and see whether the disadvantages in gaining this NAFTA parity will seriously outweigh the advantages to be derived and vice versa," the attorney-at-law remarked.

Caricom countries are lobbying to secure a parity arrangement under NAFTA, in order to gain better access to North American markets for their goods, especially garments and textiles.

Mahabir said the conference was also created to "better educate" the region's people about the issue.

"Most people are aware of the broad concept of NAFTA ... that it is a free trade agreement ... but they are not familiar with or aware of the intricacies or the legal aspects of it.

"So we are hoping to publish a book on the papers that will be presented ... and then circulate it to make people more aware of what NAFTA and the parity arrangement will be all about," Mahabir said.

Representatives from the United States, Canada, and the Caricom grouping are expected to attend the conference.

They will present papers on topics including "The Overview of NAFTA and Its Implications for the Hemisphere and the World Trading System," and "Market Access: Tariffs, Customs Procedures, and Drawbacks".

The meeting is being sponsored by the International Fiscal Institute (IFI). The institute is headquartered in Rotterdam, Holland, and has several branches worldwide.

The IFI has a mandate to host seminars and conferences to explore issues of international importance, especially financing, trading and tax-related matters.

Foreign Relations Secretary Announces New Appointments

PA1201220594 Mexico City XEW Television Network in Spanish 2000 GMT 12 Jan 94

[From the "24 Hours" Newscast]

[Text] New appointments within the Foreign Relations Secretariat were announced today by Foreign Relations Secretary Manuel Tello.

In his first news conference as foreign relations secretary, Mr. Manuel Tello stressed that Mexico's international policies will be carried out firmly and prudently. He offered to undertake initiatives which in addition to preserving Mexican sovereignty and promoting the country's interests, will also serve to strengthen Mexico's image throughout the world. Mr. Tello also highlighted Mexican determination.

[Begin Tello recording, in progress] ...the unmistakable prestige that Mexico has been able to establish over the years in the international community as a respected and respectful country cannot and will not be tarnished. [end recording]

Foreign Secretary Tello announced that in accordance with President Carlos de Salinas' instructions, several persons had been confirmed in their positions. Ambassador Andres Rozenhal had been confirmed as foreign relations undersecretary A, while Rosario Green was confirmed as undersecretary of foreign relations C. He added that Mexican Ambassador to Venezuela Antonio de Icaza was appointed foreign relations undersecretary B.

Mr. (Gustavo Iruegas), currently Mexican consul in San Diego, will be senior officer [oficial mayor]. Manuel Gomez Robledo was appointed private secretary and Mexican Consul in Atlanta (Teodoro Mouse) will now supervise the program tending to Mexican communities overseas.

Mr. Manuel Tello's first activities as foreign relations secretary include meetings with the Irish prime minister, the UK deputy foreign relations secretary, as well as with the French prime minister.

Police Arrest Eight in Connection With 8 Jan Explosion

PA1201134994 Mexico City XEW Television Network in Spanish 0435 GMT 12 Jan 94

[From the "24 Hours" newscast]

[Text] On the afternoon of 10 January, the Judicial Police of the Federal District arrested eight people—seven men and one woman—who are allegedly responsible for an explosion that took place early on 8 January at the underground parking lot of the University Square Commercial Center in Mexico City.

These people, who claimed to belong to the National Democratic People's Front, were turned over to Juan Calderon Fernandez, criminal judge no. 30 of the Federal District.

[Begin Calderon recording] They are charged with or are allegedly responsible for committing the crimes of proven theft and injuries, proven damage to private property, inciting terrorist acts, and association to commit crimes. [end recording]

The arrested are: Ismael Guerrero Garcia, Lorenzo Baez Salas, (Ruben Alejandro Bailer Hernandez), Faustino Hernandez Guzman, Juan Bautista Daniel, Jose Segura Ramirez, and Jose Noe Mejia Colin—all of whom are being held at the Southern Prison in Mexico City—and Antonia Martinez, held at the Eastern Preventive Prison.

The legal status of these eight people will be clarified on 13 January. They are responsible for an explosion at University Square, where one person was injured.

Chiapas Crisis

Defense Secretariat Issues Bulletin Announcing Cease-Fire

PA1201205194 Mexico City XEW Television Network in Spanish 2000 GMT 12 Jan 94

[Bulletin issued by the National Defense Secretariat in Mexico City on 12 January; from the "24 Hours" newscast—read by announcer]

[Text] In compliance with an order from the president of the Republic and supreme armed forces commander, the Mexican Army and Air Force will act as follows:

They will not open fire on armed groups unless they attack the Army or Air Force, directly endanger the civilian population, or try to return to towns or positions they initially occupied. Specifically, the Air Force will suspend its fire, except in cases of aggression against Army personnel who require its support in unpopulated areas.

They will continue to protect towns that requested their help to prevent possible attacks. They will not permit any movement by these armed people to areas outside the region. They will maintain the free mobilization of their personnel and equipment, including ground patrol and air reconnaissance. They will redouble their contribution to the government effort to distribute food, medicines, and other items which are basic to the affected population.

President's Statement

PA1201210694 Mexico City XEW Television Network in Spanish 2002 GMT 12 Jan 94

[Statement by Mexican President Carlos Salinas de Gortari at Los Pinos Presidential Residence in Mexico City on 12 January; from the "24 Hours" newscast—recorded]

[Text] Ladies and gentlemen: After analyzing the security conditions prevailing in the municipalities that were assaulted beginning on 1 January by a group of attackers, National Defense Secretary General Antonio Riviello Bazan has informed me that the largest cities and towns where this group was present have already been placed under the control of the Mexican Army, thereby guaranteeing the tranquility of the residents of these communities in Chiapas State.

The Army has, therefore, achieved its first objective begun on the first of day of 1994, working within the framework of its constitutional duty and in response to the request of the Chiapas government to protect the civilian population and restore security in the state.

On the other hand, the changes made 48 hours ago at the presidential cabinet are permitting us to advance in the tasks aimed at promoting actions in favor of peace. The background and determination of the government secretary and the meeting between the commissioner for peace and reconciliation in Chiapas and various sectors have resulted in broad support for the measures that may end the confrontation. The Catholic Church, as a whole, has expressed its support, as have the members of other churches.

The presidential candidates of each of the political parties have pledged to work in favor of peace. The Special Commission of Senators and Deputies has expressed its decision to contribute to the elimination of violence as soon as possible. Different social movements, nongovernment organizations, the media, the country's most important trendsetters in public opinion, intellectuals, and citizens in general are in favor of the search for peace.

The government of the Republic is now taking a firm step. Once the security of the region and that of the very members of the Mexican Army has been guaranteed, while attempting to send a clear message of reconciliation, peace, and respect for human rights; taking into consideration the fact that the Mexican Army has already reached the first objective in its constitutional mission to guarantee the security of the region; considering the feelings and opinion of the country; and given the very conviction of the president of the Republic, I, in a responsible way, have decided to suspend armed actions in the state of Chiapas. The Mexican Army will guarantee the tranquility of the residents of these cities and towns. The Army will only respond if attacked.

If the armed groups do not end their aggressive actions, the Army will have to defend itself and defend the civilian population. Also, in this kind of situation, it is common that actions are carried out to achieve propaganda objectives. This cannot be ruled out, and we will remain alert.

By doing this, the president of the Republic—the supreme commander of the Armed Forces—is doing everything possible to seek peace seriously. The most urgent task is to create more room for reconciliation. I

sincerely hope that this decision of the government of the Republic, which has the support of all of society, is the first step toward saving lives and finding new means of reconciliation. We have the chance to find a solution that can show the extraordinary strength of Mexican society. This is a moment of unity necessary in overcoming a difficult situation. We will continue to bring relief and food to those affected by the confrontation. We will redouble attention given to the social demands of Indian communities, particularly those in the highlands and jungle of Chiapas, with their own participation. We will act to ensure that there is greater justice.

I also reiterate that those who have participated in the uprising because of pressure or desperation and who now accept peace and legality will be pardoned. This makes me confident that Mexico will come out stronger. Now let us all act in favor of peace and reconciliation. We therefore demonstrate, with the voice of a united Mexico, that the strength of peace is much greater than any violent group's capacity to do harm. Thank you very much.

Army Heeds Cease-Fire

PA1201192794 Hamburg DPA in Spanish 1816 GMT
12 Jan 94

[Text] Mexico City, 12 Jan (DPA)—The National Defense Secretariat today reported that the Mexican Army is heeding a unilateral cease-fire ordered by President Carlos Salinas de Gortari in the conflict zone in the state of Chiapas. It pointed out that the Army and Air Force "will not open fire except against armed groups who attack them, who directly jeopardize the civilian population, or who seek to return to positions and towns they had occupied."

In an official communique, the secretariat added, "the Air Force, in particular, will cease fire except in cases of attacks on Army personnel in uninhabited areas where they require help."

President Salinas de Gortari had said he decided to "suspend all fire" in the conflict area because the Army already fulfilled "the initial goal" of its mission to restore control and security in the region.

In the communique, which was issued immediately after the presidential announcement, the Defense Secretariat pointed out that the troops "will continue to protect towns that requested help to prevent any possible aggressions." The communique said, "they will not allow these armed people to move outside the region," and it added, "they will maintain free mobility in terms of personnel and equipment, including ground and aerial reconnaissance operations."

Peace Commissioner Discusses Cease-Fire

PA1201204494 Mexico City Canal 13 Television Azteca Network in Spanish 1900 GMT 12 Jan 94

[From the "At Noon" newscast]

[Text] A news conference by Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas State, has just ended. At approximately 1230, Camacho Solis disclosed three points to reaching an agreement for normalcy, peace, calm, and tranquillity in this area.

He said the first step had been taken by the chief of the executive branch. This step consists of suspending any confrontation between the Army and the rebels. The second step, Camacho explained, is for all parties to join in a civic movement to lay the groundwork for negotiations. We then would go on to the third step, which will be the dialogue.

According to Camacho Solis, a great politician who favors dialogue, what is needed is a dialogue with the Chiapas guerrillas to discuss their viewpoints and demands and then set a deadline. With regard to a deadline, he noted that a deadline for the Zapatist National Liberation Army [EZLN] cannot be established yet because they are in no condition for that. He said all he wants is for the situation to move toward one of peace, tranquillity, and calm in Chiapas State. Camacho Solis said: We are certain that we are doing fine; we are on the correct path to reconciliation.

Camacho Solis is about to start a motorcade for peace. It will depart from San Cristobal de las Casas and go to Ocosingo, where heavy fighting with the EZLN took place.

During the news conference, Camacho Solis was accompanied by Bishop Samuel Ruiz and Armed Forces Commander Oton Calderon.

EZLN Threatens To Occupy Chiapas Capital Prior to Cease-Fire Notice

PA1201195394 Madrid EFE in Spanish 1914 GMT 12 Jan 94

[Text] Tuxtla Gutierrez, Mexico, 12 Jan (EFE)—The rebel Zapatist National Liberation Army (EZLN) today threatened to occupy Tuxtla Gutierrez, capital of Chiapas State, and it called on the people to join its struggle.

The EZLN issued the warning in a communique released before Mexican President Carlos Salinas de Gortari announced an unilateral cease-fire by the Army in Chiapas in an effort to achieve peace in the region.

"On 12 January, we will enter and seize Tuxtla Gutierrez, the capital of the state, and our comrades already located in different parts of the Mexican Republic will rise up until we achieve the overthrow of the evil government which has been in power for many years," the EZLN said in reference to the Institutional Revolutionary Party.

Until noon today, there had been no clashes between the Army and the rebels in Tuxtla Gutierrez and calm prevailed in the conflict zone.

"It is deceitful that we are being controlled by foreigners. We are all 100 percent Mexican, and we are asking for justice for both us and our children," stated the rebel communique, which was issued to the local media.

Meanwhile, civilian sources stated that all roads in Chiapas State have been opened and that there have been no clashes or shelling within the past few hours. The last fighting occurred on the night of 11 January at Military Garrison No. 31 in Rancho Nuevo. It is unknown whether there were any casualties.

The Army has advanced up to the community of El Momon, some 30 km from Guadalupe Tepeyac—the last rebel stronghold in Chiapas—where the Army will try to reestablish civilian power.

Salinas Urges Solving Social Problems Within Law

PA1201173094 Mexico City Canal 13 Television Azteca Network in Spanish 1500 GMT 12 Jan 93

[Speech by Mexican President Carlos Salinas de Gortari during a signing ceremony for the Pact for Stability, Competitiveness, and Employment at Los Pinos Presidential Residence in Mexico City—live]

[Text] Ladies and gentlemen: The fact that labor, peasant, and business organizations today reaffirmed their full commitment with the terms of the Pact for Competitiveness and Employment and agreed to strengthen and broaden it is of great importance. Today, you have shown more proof of unity and work in favor of Mexico's best interests.

For the nation, the pact means that the nation is moving on the path toward stability and growth. Moreover, it represents the efforts undertaken by each sector and each Mexican to help the country curb inflation, advance in the modernization of its industrial plants, and above all, give more attention to the most needy.

I must stress that inflation hurts most those who earn the least, and it shrinks the income of Mexicans. Now, after significant advancements, we have abated the most unjust tax to levels that for the first time will benefit more than half of the population—young people who under the age of 25.

Therefore, with their work and commitment to the pact, the economic sectors have contributed to inspire in the Mexican people new hope for a better future. Today we have renewed our willingness to discuss our problems and reach concerted agreements within the law as the only path Mexicans accept to meet our challenges and advance toward our goals. Government actions have been based on this principle for more than five years, moving forward with a new outlook—an outlook of discipline, tolerance, and a clear concept of social justice.

First, the agreement you have signed reaffirms the general guidelines and specific efforts previously agreed to in consolidating our economic and social advancements.

Second, within the framework of the policy of fiscal and monetary discipline, the federal government commits itself to guarantee that the real increase in public expenses for employment and social programs—which are very significant—will reach the communities and the population more expeditiously. I must remind you that the government spends more now in resolving social problems because it maintains healthy public finances. As we have already announced, in 1994 social expenses will surpass 50 percent of the government budget, almost 10 percent of the GNP. These are the highest figures in our history. In this manner, our social and economic policies are consolidated as a solid pillar of a broad and profound strategy for the benefit of those who earn less.

Third, the labor and business sectors—within a framework of respect and solidarity, and, above all else, while taking into consideration the nation's best interests—they are committing themselves to preventing and giving prompt solution to disputes that could emerge among the various productive forces.

Fourth, the agreement stresses the priority attention that Mexican rural areas deserve and will receive. We will continue working together to make sure that rural areas will receive opportunities and a dignified and productive way of life.

Finally, the various sectors that signed the agreement will have to work intensively, redoubling efforts. We will reinforce the established mechanisms in order to give the necessary follow-up to the acquired commitments, maintaining close communication among all economic sectors.

Today and here, we reaffirm our commitment to defend and consolidate what we have built with so much work and effort, always based on our pluralism, our solidarity, and always—always—based on the law.

Ladies and gentlemen: It is within the legal path that we will guarantee social peace and tranquillity in Mexican homes, as well as a just and sustained development for the benefit of all our compatriots. Following that path—the path of the law, which benefits us all, because we must all abide by the law—we will be able to advance in peace toward our objectives of growth and social justice. Therefore, at this renewed phase of the pact, we reaffirm our commitment with the state of law, which guarantees the defense of our most precious values.

There are serious problems we must face. At all times, however, it has been through concerted efforts and strict compliance with the law that the Mexican people have attained their goals. Let us clearly understand and remember that no problem, no matter how great or complex, is unsurmountable by itself. The government and society will continue working for the country's sovereign development with the unity of all Mexicans.

Therefore, today we again reaffirm our pride as Mexicans and our confidence in our future. Thank you very much. [applause]

Government Signs Stability, Employment Pact

PA1201171194 Mexico City Canal 13 Television Azteca in Spanish 1440 GMT 12 Jan 94

[Pact for Stability, Competitiveness, and Employment read by Arsenio Farell, Mexican secretary of labor and social welfare, following the signing of the pact at Los Pinos Presidential Residence in Mexico City; broadcast in progress—live]

[Text] ...competitiveness and employment. In light of the regrettable developments in the state of Chiapas and the illegal activities involving armed groups, the signatories of the Stability, Competitiveness, and Employment Pact agreed on the need to reaffirm, reinforce, and fully comply with the commitments acquired on 3 October based on the following:

1. That unified cooperation of all segments of the population, within a framework of respect and permanent communication, is an indispensable condition to reach common goals which will guide Mexico's progress, defend our sovereignty, and strengthen our national identity.

2. That reaching a consensus within the framework of the law, and not through confrontation, is an efficient instrument to coordinate society's efforts in tackling the challenges of a just and equitable economic development within a world situation that demands greater efficiency and competitiveness.

3. That the consensus reached and the efforts made by all segments have brought about specific and significant results, which we pursue. Inflation has been reduced to a single-digit figure, and productivity shows important and sustained growth. We have noted strict discipline in the handling of fiscal and monetary policy. We have made progress in economic deregulation and trade opening. We have created new means to ensure more active participation of private and social segments in economic activity, and we have made profound budget reforms that seek to make quicker progress in resolving the social underdevelopment that persists.

Therefore, the labor organizations that comprise the Labor Congress, the peasant organizations, the business organizations that represent a great majority of the country's productive forces, and the federal government agreed to the following:

1. The signatories ratify the commitments in the current consensus agreements and pledge to make greater efforts to comply, fully and in a timely manner, with each and every one of them within their own jurisdictions.

2. Within a context of fiscal discipline and in strict compliance with provisions of the federation's expenditures budget and the Revenues Law, approved by the honorable Congress of the Union, the federal government commits to establishing a timetable giving higher priority to the use of allocations that correspond to

public investment expenditures to promote economic activity and those corresponding to social development expenditures.

These allocations increased by 10 percent and 10.5 percent in real terms, respectively, in the budget approved for 1994. Therefore, expenditures for social development represent 53.9 percent of programmed expenditures and 10.2 percent of the GNP. These are the highest figures in our history.

3. The labor and managerial sectors agree to promote and increase, via every means available to them, a direct and permanent dialogue and an understanding among the production sectors to prevent and to expeditiously resolve any possible differences. They also agree to increase efforts to directly sign productivity and quality agreements between labor organizations and management in accordance with the guidelines of the national agreement to increase productivity and improve quality.

4. The labor, peasant, and managerial sectors, as well as the federal government, believe it is imperative to continue giving priority attention to the agricultural sector. With this in mind, they agree to strengthen their interrelation with the rural sector through productive chains in an effort to support their productivity and profitability and thereby improve the standard of living of people living in rural areas.

5. To guarantee that the goals established in this agreement will be met, the parties deem it necessary that, effective with the signing of this agreement, the sessions of the Follow-up and Assessment Commission will be held twice a week, on Tuesdays and Thursdays, instead of once a week, as has been the case up until now.

The social dialogue, in a climate of peace and national unity, and with the unavoidable respect for the law, has resulted in significant achievements.

The labor, peasant, and management sectors, as well as the federal government, believe that society's concerted efforts within the law are the most effective way to consolidate the achievements made in the struggle against inflation, as well as to consolidate the construction of a firm basis to boost growth and employment and to advance efforts to meet the needs and demands of our compatriots, particularly those who have less.

This pact is being signed at Los Pinos Official Residence on 12 January 1994 in the presence of the president of Mexico.

New Foreign Secretary Says Chiapas Events Affect Image Abroad

PA1201205594 Mexico City Radio ACIR Network in Spanish 1940 GMT 12 Jan 94

[Report by Marcela Gutierrez from the "Vector 21" newscast]

[Text] Foreign Relations Secretary Manuel Tello Macias in his first news conference said the events in Chiapas State have adversely affected Mexico's image abroad. Mexico was seen as a stable country where social stability prevailed, he said. Tello Macias also said Mexico has not taken into consideration the possibility of requesting aid from the United States or any other government. Tello Macias said Peace Commissioner Manuel Camacho Solis is the only voice to explain what is being done, how it is being achieved, and what is expected of the reconciliation process. Let us listen to him:

[Begin Tello Macias recording] It would be advisable to avoid the proliferation of people playing the leading role in this situation. I believe it would be much better for the national and international public if there is only one voice. [end recording]

Manuel Tello described as serious the possibility that other governments are supporting the armed movement in Chiapas because they would be hurting the country's sovereignty. He said that even though there is no evidence, the Mexican Government does not rule out the possibility that non-Mexicans are participating in actions with the armed group. The Mexican foreign minister, who until a few days ago was Mexico's representative at the United Nations, said the Chiapas conflict adversely affects various sectors of the population but said it is no reason to paralyze the country.

Defense Secretariat Reports Recapture of Chiapas Towns

PA1201134494 Mexico City NOTIMEX in Spanish 1301 GMT 12 Jan 94

[Text] Mexico City, 12 Jan (NOTIMEX)—The National Defense Secretariat [Sedena] reported today that the most important towns in Chiapas initially occupied by the armed groups have been recovered. Thus the first objective of the military operation "has been achieved."

In its Communique No. 14, Sedena states that by achieving this first objective, the Mexican Army has taken territorial control of the area in general and that civilian authorities have already begun exercising their responsibilities.

The text of the Sedena communique follows:

"In accordance with the planned operations as drafted by the 7th Military Region Command based in Tuxtla Gutierrez, Chiapas, we have achieved the first objective of the operation, which is the recovery of the most important towns taken over by the transgressors, with the exception of Guadalupe Tepeyac, which should take place as soon as a large number of installations destroyed by the assailants on the various roads are repaired.

"In achieving this first objective, the Mexican Army has recovered territorial control of the area in general. Civilian authorities are exercising their responsibilities

in all municipal capitals taken over by the assailants. No area of significance in the region is being occupied by these armed people, even though some isolated groups may still be operating."

Defense Secretariat Explains Aircraft Missions in Chiapas

PA1201131694 Mexico City Canal 13 Television Azteca Network in Spanish 1200 GMT 12 Jan 94

[From the "At Daybreak" newscast]

[Text] On the night of 11 January, the National Defense Secretariat issued Press Communique No. 13, explaining the missions conducted by military aircraft in the Chiapas conflict. The Defense Secretariat reports that up to now, operations by Air Force airplanes and helicopters in direct support of the ground forces are no closer than 5 km to the towns, so townspeople have not been harmed in any way. The communique adds that the aircraft have been used to transport troops and supplies. They have also been transporting food, medicine, clothing, and other articles to be distributed among residents of towns where military personnel are conducting activities to help civilians.

Peace Demonstration Held in Mexico City 12 Jan

PA1301015694 Mexico City Radio ACIR Network in Spanish 0045 GMT 13 Jan 94

[From the "Vector 21" newscast]

[Text] At exactly 1630 [2230 GMT] this evening [12 January] a demonstration for peace in Chiapas State left the Revolution Monument and headed to El Zocalo Square in Mexico City. Thousands of members of people's organizations, independent worker's unions, political parties, student groups, and human rights advocates make up this enormous contingent. The demonstrators—singing, chanting, and waving banners—asked for a peaceful solution, not an armed solution, to the conflict in that region. They chanted: Peace yes, war no.

Traffic remains insane, mainly in downtown Mexico City, as groups of demonstrators continue to converge on the square. Fortunately, no serious incidents have been reported thus far. Security operations are being carried out by 600 units from the General Secretariat of Protection and Highways and coordinated with the District Judicial Police. As of this moment, no incidents have been reported. Main roads and avenues such as Paseo de la Reforma, Juarez and Hidalgo Avenues, Lazaro Cardenas and Francisco Madero Street, and others have suffered the consequences of the demonstration. It should be pointed out, however, that commuters have

realized the significance of the grand demonstration and, instead of expressing their anger, have understood the message of peace for Chiapas.

The obvious roads have been blocked throughout the two hours of the demonstration, but alternate routes have also been overcrowded. The commentary here is that fortunately no incidents have been reported up to now, except for the heavy traffic, especially around this main square in Mexico City. Thousands of voices are calling for peace in Chiapas State.

[Paris AFP in Spanish at 0056 GMT on 13 January transmits a 150 word, Mexico City-dated report that notes "more than 100,000 demonstrators, according to observers, chanting 'Death to the Institutional Revolutionary Party' and 'Salinas is a murderer,' filled the plaza in front of the National Palace." The report also states that "the demonstrators paraded an effigy of Emiliano Zapata, crying vivas to Zapata and painting the Zapatista National Liberation Army symbol on walls as they marched." According to AFP, the crowd chanted "Death to the bad government," "cease the bombings," and "massacre or Indians," reminiscent of "the slogans used in Latin America during the 1960's and 1970's."]

Social Liberation Party Threatens To Kill Five Human Rights Leaders

PA1201160894 Madrid EFE in Spanish 1528 GMT 12 Jan 94

[Text] Mexico City, 12 Jan (EFE)—The clandestine Social Liberation Party, unknown until today, has threatened to kill five human rights organization leaders for not supporting the struggle of the Zapatist National Liberation Army (EZLN).

LA JORNADA newspaper reported today that it had received an anonymous telephone call, informing it of the existence of a message concerning the armed conflict in the southeastern state of Chiapas. The newspaper added that the message was later found on a utility pole on a Mexico City street.

The five threatened leaders belong to nongovernmental organizations and, according to the communique, are accused of "not supporting the armed struggle movement in Chiapas, and, in turn, they have betrayed the ideals of many struggling groups."

The threatened leaders are: Sergio Aguayo, president of the Mexican Human Rights Academy; Juan Carlos Martinez, coordinator of the Fray Francisco de Victoria Human Rights Center; Alejandro Camarillo, president of the Mexican Human Rights Commission; Fernando Ruiz Canales, president of the Law and Human Rights Council; and Victor Clark Alfaro, director of the Binational Human Rights Center.

Guatemala

President Announces Agreement To Reach Peace in 1994

PA1201231294 Guatemala City Television Networks in Spanish 0345 GMT 11 Jan 94

[Message to the nation by Guatemalan President Ramiro de Leon Carpio in Guatemala City—live or recorded]

[Text] Guatemalan people: Today, the government of the Republic and the URNG [Guatemalan National Revolutionary Unity] formally pledged, in a written document, to sign a peace agreement in 1994. Guatemala is making history. Today, 10 January 1994, should signal to all Guatemalans that there is a new light in the process to consolidate our democracy. Today a new opportunity emerges. We must not and will not lose this opportunity because our government is determined to show its political willingness to achieve peace.

Because of the importance of what occurred in Mexico today, I wish to tell you that the agreement to renew the peace negotiations has been signed by the government peace commission and the URNG General Command, as witnessed by the UN secretary general's representative. Following intense work during the period 6-10 January, the two delegations agreed on a framework to foster the resumption of an in-depth and dynamic negotiation process that will open the door to a prompt solution of the armed conflict.

The signed agreement covers the main aspects of the negotiation mechanism and in it the parties sought to design innovative mechanisms, bearing in mind the previous accords and achievements. Within the framework of bilateral negotiations, the parties agreed to ask the UN secretary general to appoint a moderator to promote the reaching of agreements on the entire negotiation agenda, which was approved in Mexico in 1991. The parties have expressed their commitment to reaching a firm and lasting peace agreement in the briefest possible time during 1994.

They also agreed to promote the creation of an assembly that will promote reciprocal contributions from civilian society and the participants in the negotiation process. Therefore, they agreed to ask the Guatemalan Bishops Conference to appoint the president of an assembly of civilian sectors, bearing in mind for this position Monsignor Rodolfo Quezada Toruno who would have the special mission of promoting, here in Guatemala, a consensus among civilian society regarding the essential topics on the negotiation agenda. He would subsequently foster the approval of the agreements signed by the parties, so they can become great national commitments.

To strengthen the negotiation process, the parties also agreed to ask the Governments of Colombia, the United States, Spain, Mexico, Norway, and Venezuela to form a group of friends of the Guatemalan peace process, so they can be honor witnesses to the agreements reached

by the parties. The parties reiterated that verification is a fundamental element to guaranteeing the fulfillment of the agreements. Therefore, they should be accompanied by appropriate national and international verification mechanisms. For this reason they will ask the United Nations to undertake the international verification of the agreements.

It is truly satisfactory to confirm today, with the approval of the framework for the resumption of the negotiations, that the parties are demonstrating their willingness to reach the goals established in the agreement. There is still difficult work to be done to make this new framework bear fruit with specific achievements in the discussion of the general agenda of the negotiations.

The next round of negotiations will be held in the second half of February. It will be devoted to the discussion of the agreement on human rights and the setting of a timetable for the negotiation agenda. It is an ambitious but essential program to conclude, with the flexibility being demonstrated now, successful negotiations.

I wish to express thanks for the constant interest shown and the support provided by the international community and my appreciation of the hospitality shown by Mexico, which has always supported the peace efforts in Guatemala. In particular, I wish to thank the United Nations, which has permitted the setting for this successful meeting.

Fellow countrymen: Guatemala has begun to build peace, working simultaneously for the two focal points of the peace plan that our government proposed to the Guatemalan people—national reconciliation and the fight against poverty, as a means to building a firm and lasting peace. We Guatemalans should jointly build peace. Today, we have taken a great step by beginning the end of the domestic armed conflict, above all bearing in mind that there are human lives at stake. But this is not enough to achieve overall peace. It is here in Guatemala, with productive work and attention to the people's most heartfelt needs, that unitedly we should build peace with social justice for all Guatemalans. Thank you very much and good night.

'Text' of Peace Talks Agreement

PA1201224994 Guatemala City PRENSA LIBRE in Spanish 11 Jan 94 pp 3, 64

["Text" of basic agreement for the resumption of the negotiating process between the Government of Guatemala and the Guatemalan National Revolutionary Unity; issued in Mexico City on 10 January]

[Text] The Guatemalan Government and the Guatemalan National Revolutionary Unity [URNG] delegations, having met in Mexico City from 6 to 9 January 1994 under the auspices of the UN secretary general and as guests of the Government of Mexico, have reached the

following agreement on the framework for the resumption of the negotiating process to reach a lasting and firm peace agreement:

I. Negotiation Agenda

The parties will negotiate the general agenda on the set of issues for the Mexico agreement. For each point, the parties will jointly decide on the scope of their commitments, which will be subject to verification.

The government and the URNG have pledged to be duly represented during the negotiations by high-level delegates in order to reach political accords that are within the constitutional framework, without limiting their ability to reach accords on institutional and constitutional reforms.

II. Moderating Bilateral Negotiations

The parties agreed to request that the UN secretary general appoint a representative to assume the duties of moderator in the bilateral negotiations between the government and the URNG. The parties agreed that the moderator may propose all initiatives aimed at expediting the signing of a lasting and firm peace agreement.

III. Civil Society

Both parties recognize the contribution of sectors that, as a result of the Oslo Agreement, attended the meetings in El Escorial, Ottawa, Quito, Metepec, and Atlixco with the URNG. Such meetings gave momentum to the negotiating process in Guatemala. Their participation and contribution helped make the beginning of direct negotiations between the government and the URNG command possible.

The parties agree that Guatemalan society will continue to play an essential role in the achievement of peace and in the process of reconciliation.

Without affecting other mechanisms and forums, be they temporary or permanent, aimed at favoring national reconciliation, the parties agreed to promote the creation of an assembly. Such assembly will be open to participation by all nongovernmental sectors of Guatemalan society, provided that they can prove their legitimacy, representation, and legality. This assembly will operate during the negotiating period and shall have the following functions:

i) To discuss the substantive agenda of the bilateral negotiations, that is points ii to vii of the general agenda of the Mexico Agreement, in order to establish positions of consensus.

ii) Convey to the UN moderator, the Government of Guatemala, and the URNG the recommendations and suggestions made as a result of their deliberations. Such recommendations and suggestions will not be binding and will be aimed at facilitating an understanding between the parties. The assembly will discuss the substantive agenda in accordance with a calendar adjusted to the established

terms of bilateral negotiations, and it will not be able to delay the process of bilateral negotiation.

iii) To know the bilateral accords on the substantive agenda concluded by the parties and endorse said accords to give them the character of national commitment, which will facilitate their implementation. However, if for some reason this bilateral accord is not endorsed, this accord will maintain its validity.

The parties agreed to ask that the Bishops Conference of Guatemala consider Monsignor Rodolfo Quezada Toruno for the post of conciliator, when appointing the president of the assembly. The president of the assembly will have the support of an organizing committee. The organizing committee will consist of representatives from each of the sectors that participated in the Oslo process and representatives from Mayan sectors.

The president of the assembly will have the following duties:

i) To convene the assembly.

ii) To organize its deliberations with the assistance of the organizing committee.

iii) To promote the drafting of recommendations for a consensus on the points of the agenda.

iv) To inform the UN moderator and the parties of the recommendations and guidance suggested as a result of the assembly deliberations and to participate in special sessions of the bilateral talks convoked for this purpose by agreement by the parties concerned.

v) To receive from the UN moderator the bilateral agreements on substantive topics signed by the two parties. To inform the assembly about them and promote their approval by the assembly.

IV. Role of Friendly Countries

The parties ask the Governments of Colombia, Spain, the United States, Mexico, Norway, and Venezuela to constitute a group of friends to the Guatemalan peace process. The friendly countries, duly informed of the progress and content of the negotiations between the parties, will have the following duties:

i) To support, with their efforts, the UN secretary general representative in speeding up the negotiation process.

ii) To give greater security and firmness to the commitments made by the parties in their role as honor witnesses of the agreements reached within the negotiating process, when the parties so request it.

V. Procedures

i) Dissemination: The parties agreed that the bilateral negotiations will be carried out under the utmost secrecy to guarantee that they will be held in a climate of trust

and seriousness. They agreed that the only public information on the status of the talks will be given by the representatives of the UN secretary general in order to coordinate them with the work of the assembly. The moderator and the president of the assembly will establish adequate agreements to permit an exchange of information that will not violate the secrecy needed for the negotiations.

ii) Temporary framework: The parties expressed their commitment to reach an agreement for a firm and lasting peace within the shortest time possible in 1994. Within this context, they agreed to give proof of the necessary flexibility for the successful negotiation of the general agenda.

iii) Within the framework of their efforts to speed up the negotiating process, the parties recognized the advisability of resorting to any measure that will bring about rapprochement and agreements between them and stated that they are willing to respond to any requests made by the moderator in this regard.

VI. Verification Mechanisms

Verification is a key factor in guaranteeing compliance with and respect for the agreements. Consequently, the parties reiterated that all agreements must be accompanied by the appropriate national and international mechanisms for verification. The United Nations gives a high degree of reliability to international verification. Both parties agreed to ask the United Nations for verification of all the agreements in substantive as well as operational aspects.

[Dated] 10 January 1994, Mexico City

The following signed on behalf of the Guatemalan Government: Hector Rosada Granados, Mario Permut Litswa, Max Kestler Farnes, Antonio Arenales Forno, Generals Marco Antonio Gonzalez Taracena and Victor Manuel Argueta V., Colonel Victor Manuel Ventura A., and Ernesto Viteri Echeverria.

The following signed on behalf of the URNG General Command: Gaspar Ilom, Pablo Monsanto, and Rolando Moran. On behalf of the URNG Political-Diplomatic Commission: Luis Becker Guzman, Miguel Angel Sandoval, and Mario Vinicio Castaneda, as the adviser.

On behalf of the United Nations: Jean Arnault

Honduras

Roundup of Economic Developments Through 12 Jan

PA1201190794

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 12 January. Source is cited in parentheses following each item.

A Central Bank of Honduras news release indicates that inflation, measured through the Consumer Price General Index, reached 0.6 percent during December 1993. The release also indicates the economic sectors which experienced the highest increases were housing, 1.1 percent; food, 0.7 percent; personal care, 0.6 percent; and clothing and health care, 0.4 percent. Meanwhile, the Transportation sector decreased 1.6 percent.

Marginal inflation for the December 1992-December 1993 period reached 13 percent, which is double the previous period. Average inflation, meanwhile, increased by 10.7 percent, which is higher than the 8.8 percent reached in 1992. (San Pedro Sula LA PRENSA in Spanish 3 Jan 94 p 5)

Hugo Noe Pino, Central Bank of Honduras president-elect, has said the Honduran fiscal deficit is above 6 percent. He also said Rafael Callejas' administration could not reduce the deficit to the promised 3.8 percent. He added there is a \$500 million trade deficit. President-elect Carlos Reina has promised to reduce the fiscal deficit to less than 3 percent. Meanwhile, official sources indicate the fiscal deficit reached 5.9 percent. Rene Ardon Matute, finance and public credit minister, said foreign debt estimates amount to \$3 billion. (Panama City ACAN in Spanish 1520 GMT 4 Jan 94)

Economy Minister Carlos Chain has announced the fuel market was deregulated on 8 January. The business sector received the announcement with satisfaction, while consumers received it with concern. Chain said: "We are the first Central American country to deregulate fuel prices." He added that the government expects fuel companies to compete and offer consumers better prices instead of colluding to organize a monopoly. Honduras spends \$190 million on fuel annually and depends entirely on imports to meet local demands. (Panama City ACAN in Spanish 1728 GMT 6 Jan 94)

Official sources reported that in 1993 Honduran monetary reserves dropped to \$9 million, which is a 64-percent decrease from 1992. This figure adds to the already bad economic indicators. The 1993 fiscal deficit closed at almost 7 percent, and the balance of payments showed a \$500 million deficit. (Panama City ACAN in Spanish 1737 GMT 8 Jan 94)

Nicaragua

U.S. Instructors Reportedly Training Rebels

PA1201152794 Managua Radio Nicaragua Network in Spanish 1100 GMT 12 Jan 94

[From "The Awakening" newscast]

[Text] Military spokesmen in Managua who asked not to be identified said on 11 January that a group of 300 Nicaraguans are being trained in Honduran territory by U.S. instructors. The soldiers, who demanded that their names not be revealed, said the rebels, presumably

anti-Sandinists, are being trained by two U.S. instructors. According to the sources, the rebels receiving military training are based in Yamales, near the Nicaraguan-Honduran border. They added that the rebels receive supplies every two days in a helicopter identified as an HLH [expansion unknown].

Roundup of Economic Developments Through 11 Jan

PA1201190694

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored through 11 January. Source is cited in parentheses following each item.

Last night Central Bank President Evenor Taboada disclosed Nicaragua closed 1993 with a deficit of more than \$50 million in its international reserves. Taboada reported the country's current total gross reserves amount to approximately \$100 million—in other words, \$50 million less than what is necessary to have a financially acceptable economy.

In addition, the Central Bank president conceded the government sold 74,476 troy ounces of solid gold, which resulted in \$28.255 million in revenues. Taboada described as "completely baseless," however, Ramiro Gurdian's, Higher Council of Private Enterprise president, remarks, who said such a transaction was proof the government "is broke." He also rejected Gurdian's remarks that the gold was sold to pay debts to creditors. Taboada added the country still has 13,000 troy ounces, equivalent to 20 percent of Nicaragua's average annual production. (Managua BARRICADA in Spanish 4 Jan 94 pp 1, 8)

According to Central Bank figures, the alarming unemployment rate grew by approximately six points thereby affecting 71.3 percent of the labor population in Nicaragua. Some 275,000 individuals in an economically active population of approximately 1.4 million do not have jobs. In addition, 707,000 are underemployed as they hold no formal jobs. The report attributes the unemployment increase to the incorporation of 68,120 people into the so-called economically active population, as well as to a 0.72 percent drop in the country's economic activity. In Nicaragua, 70 percent of its 4 million people live in poverty. (Paris AFP in Spanish 1651 GMT 4 Jan 94)

In 1993, Nicaragua registered the highest inflation rate in Central America. Prices for goods and services increased 19.25 percent in 1993. According to official figures, the cost of living in other Central American countries went up an average of 11 percent, with Costa Rica having the lowest figure with an annual increase of 9.05 percent.

A Central Bank report revealed that housing, transportation, and communications were the areas with the highest price increases. The government had estimated the year would close with an inflation rate of less than 10

percent. Also, the Central Bank added currency devaluation was 25.83 percent in 1993, and the price of the basic basket went up by 17.61.

Nicaraguan economic activity was characterized by recession, a significant lack of liquidity in enterprises, high interest rates, and a large reduction in internal demand levels. The Central Bank admitted the measures implemented in early 1993, when a 20-percent devaluation was applied followed by an annual 5-percent drop, "has unfortunately had a negative effect" on economic activity. (Mexico City NOTIMEX in Spanish 1822 GMT 6 Jan 94)

Danish Foreign Cooperation Minister Helle Degn announced Denmark will grant Nicaragua \$100 million in aid during the 1994-98 period. In addition, Denmark will open an embassy in Managua this year. On the second day of her official visit to Nicaragua, Degn informed President Violeta Chamorro of this decision in the presence of her Nicaraguan counterpart Erwin Kruger, with whom she signed a mutual cooperation protocol. (Managua BARRICADA in Spanish 8 Jan 94 p 8)

* Reorganization, Decentralization of FSLN Suggested

94CA0058A Managua BARRICADA in Spanish 8 Dec 93 p 13

[Commentary by Salvador Perez Aleman, member of the Managua Department Sandinist Assembly]

[Text] A recent Sandinist departmental assembly began debating the reorganization of the FSLN [Sandinist National Liberation Front] in Managua. I would like to make a few remarks that could serve as a backdrop to the discussion about the reorganization of the FSLN now that it has approved by consensus the constitutional reforms for holding talks with UNO [National Opposition Union] and the government.

First of all, we must have a clear idea of the kind of Sandinism that we want to organize. Sandinism is a broad political front based on a revolutionary identity inherited from our Heroes and Martyrs. We are patriots by calling and we identify with the people because we are for social justice and equitable national development that benefits all sectors.

We often hear people say: "I am a Sandinist but I do not agree with this or that form of political action" or "I would like to be involved this way." Sandinism is a party to which people from all segments of society belong or with which they identify, but this does not mean that there does not exist a strong detachment of proven, reliable leaders.

Second, besides having a wide range of members, the FSLN uses methods of action that represent national, institutional, local, sectorial, economic, trade-union, labor-union, humanitarian, etc., interests.

A Vehicle for Leadership

In each one of these struggles there are Sandinists who from the rank and file lend it a combative, democratic, grass-roots character. A reorganization must take into account this fact. The FSLN has to be reorganized in a versatile manner.

The FSLN's devotion to the people and its potential for governing oblige us to maintain smooth communications with sectors that in keeping with our philosophy represent our natural social base but that for various reasons have drifted away from Sandinism: peasants from the highlands, ethnic groups, young people, merchants, housewives, etc.

The reorganization of leadership, intermediate, and rank-and-file structures must take into account the various manifestations of Sandinism, and we must clearly realize that these structures are vehicles for facilitating the exercise of leadership and achieving the objectives of the various struggles.

We must bring about a revolution in opportunities for all Sandinists and for the people in general, by expanding them for those who already have them and by creating them for those who do not (the unemployed, the illiterate, discrimination victims, etc.).

National structures and local or sectorial leaders must further Sandinist influence without blocking the ideas of the rank and file, by combining individual initiative and creativity with democratic consensus.

I lean towards a coordinating structure that does not centralize decision-making, that combines experience with youth; towards a social movement with comprehensive political leadership and equality between men and women; one that moderates rather than coerces; one that is more representative of the social sectors than of nonfunctional structures; one that promotes debate and organizes compliance with resolutions.

Among the rank and file we would set up regional, sectorial, interest-group, or trade-union Sandinist assemblies with executive committees. The plenum of such Sandinist assemblies would be organized openly and broadly to serve as a conduit for party life and would listen to individual and group opinions and eventually forge a single collective thought.

The rank-and-file Sandinist assembly would meet at least twice a year to make decisions. As for daily political work, action would be taken by economic unit, trade union, social sector, project, commission, symposium, or any other form of organization.

Scope and Rank-and-File Debate

The primary goal is to bring the people together to defend their interests, to promote the comprehensive development of society and the country, and to seek power in order to achieve our political objectives.

A prerequisite for a successful reorganization of the FSLN is to abolish the difference between activist [militante] and member [afiliado]. Under the current conditions of thorough FSLN democratization there ought to be equal opportunities, duties, and rights for all who are part of the Sandinist party organization.

Even before the 1996 election campaign I would like to support the idea of establishing minimum channels for partisan political communication among Sandinists in electoral precincts. Ultimately, it is at the ballot box that the party demonstrates the organizational, political, and ideological strength and depth that it possesses to implement its program for the people.

The FSLN must embody most of the interests and just struggles of the people. This means supporting and making room for the emerging sectors of society, especially the ones that wave patriotic, revolutionary, and grass-roots banners.

This open debate must be carried to all Sandinists without party membership cards as a first step towards reincorporating them, reorganizing ourselves, and heading down the road to electoral victory with an FSLN that is united amid its well known diversity.

Argentina

Top-Level Meeting Rules Out Possible Provincial 'Outbursts'

PY1301020094 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 0004 GMT 13 Jan 94

[Text] Buenos Aires, 12 Jan (NA)—A top-ranking meeting held at the Olivos residence this evening to assess security conditions in the interior of the country concluded that "there are no possibilities in sight for social outbursts or outbreaks of guerrilla activities," an official source has said.

The meeting, summoned by President Carlos Menem, was attended by Defense Minister Oscar Camilion, Interior Minister Carlos Ruckauf, the chiefs of staff of the three branches of the Armed Forces, and Division General Mario Diaz, the chief of the Joint Staff.

The meeting was also attended by Presidency Secretary General Eduardo Bauza, SIDE [Secretariat for State Intelligence] chief Hugo Anzorreguy, Deputy Miguel Angel Toma, and Senator Eduardo Menem.

The meeting analyzed the situation in Santiago del Estero and La Rioja, and studied a report submitted by Jorge Busti, minister of government in the cabinet under the Federal Government trustee in Santiago del Estero, who described the social situation in this province.

According to the source, the report stated that social conditions are now "totally different from those prevailing at the end of December."

Concerning La Rioja, the possibility of a missile attack against the presidential plane on 30 December—which had been mentioned by a press report—was "totally ruled out."

The SIDE chief mentioned the information gathered by his sector on the social situation in the provinces. He ruled out "any reaction like that which is happening in Mexico," the source said.

In brief statements made upon leaving the Olivos residence, Camilion and Ruckauf said "there are no indications of possible social outbursts in the northern provinces," adding that "the situation in those provinces is under control."

The meeting was called for by Menem in light of the reports of an attack against him and the reports—which were also denied—of the presence of Argentine guerrillas in Mexico.

Finance Minister Domingo Cavallo today denied having compared the crisis in Santiago and the situation in Mexico, despite the fact that almost all local publications made this interpretation of the words he had uttered 24 hours before at the Finance Ministry.

Official Comments on Policy, Relations With Falklands

PY1201172794 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1431 GMT 12 Jan 94

[Text] Buenos Aires, 12 Jan (NA)—Foreign Ministry Secretary General Andres Cisneros today denied that Argentina's position regarding the Malvinas Islands is a weak one, but he did admit that it is overshadowed by the fact that "a war was lost," and that "he who is now unlawfully in possession of them has, in fact, the power to do and undo due to the power invested in weapons."

Cisneros made it clear that the official Malvinas policy is not set by the Foreign Ministry, but "by President Carlos Menem himself."

He said: "There are only three ways in which to recover the lost territories: to demand them by right, war, or through negotiations," and he justified the use of the last alternative because to "insist only on the judicial factor is not enough to recover the islands because the world organization does not have an institution that can award what each country has a right to."

In remarks to a radio station, Cisneros said that with this type of claim, which he considered "very dignified and very correct for these times, we have the reason but not the islands. There are two ways for a right to become a reality: war or negotiation, there are no others. We already know what the results of a war are with Great Britain; therefore, only negotiation remains."

Regarding the attempts to change the attitude of the Kelpers [preceding word in English] regarding Argentina, Cisneros said: "It is not a question of seducing them to deceive them or attract them with fantastic promises."

He stated that there are two very distinct attitudes regarding the Malvinas, and one of them "has lasted for 160 years and it is the hostile attitude based on the premise that if the islanders always get the short end of the stick, Argentina will always be better off."

Cisneros indicated that instead this government believes the better way "is everything to the contrary, and that as we establish links of mutual interest they will begin to understand that the only way they have to exploit their notable raw materials is through cooperation with the only neighbor in the world that God has given them."

He mentioned that the fact that the British Government is investigating alleged war crimes by its soldiers and that Argentina has offered to clear up the mine fields are among the achievements that have helped the rapprochement between the two nations.

Finally, he stressed that for some time now "millions of Argentines" have had two passports and can now visit the islands, and "this is a very important first step toward unfreezing relations with the islanders."

Bolivia

Human Rights Leader Criticizes U.S. Embassy 'Onslaught'

PY1201131194 La Paz Radio Fides Network in Spanish
1100 GMT 12 Jan 94

[Report by Edwin Mallon Avalos, the Radio Fides correspondent in Cochabamba]

[Text] During a news conference, the Permanent Assembly for Human Rights [APDH], along with various groups such as peasant organizations and the Departmental Workers Federation, reported a U.S. Embassy onslaught against those who dare to report DEA abuses in our national territory.

This remark was made by Dr. Victor Gutierrez, the APDH president in Cochabamba.

*** Nature of 'Vivid Red' Group Remains Elusive**

*** Armed Forces Deny Existence**

94SM0157A La Paz PRESENCIA in Spanish 4 Dec 93
p 2

[Text] La Paz, 3 Dec (Jatha)—The Armed Forces asserted today that the organization "Vivid Red" [Rojo Vivo] does not belong to the military, indicating that the pamphlets that are circulating about the group's existence come from people who are trying to cause unrest in the ranks.

Military authorities agreed that the group has not achieved its goal because the armed services are made up of brave men who can bring up any issue.

Both Defense Minister Antonio Cespedes and the military chiefs indicated that it has not yet been determined whether "Vivid Red" is a group or a single individual who has been issuing a series of pamphlets in an attempt to create unrest in the Armed Forces.

Cespedes indicated that the Armed Forces cannot waste time trying to determine whether it is a group or an individual because they have more important things to do.

The commander in chief of the Armed Forces, General Fernando Sanjines, said that this is not the first time that walls have been painted and pamphlets have been distributed in a bid to tarnish the military's image.

"These sorts of actions by people who are trying to create unrest in the Armed Forces will not have the desired effect because military personnel do not accept the publication of anonymous messages," he added.

He cautioned that if the people who are putting out the pamphlets are identified, they would be punished in accordance with the provisions of the Organic Law of the Armed Forces and the Code of Military Penal Procedure.

*** Shriquei Comments**

94SM0157B La Paz PRESENCIA in Spanish 5 Dec 93
p 12

[Text] The chief of staff of the Armed Forces High Command, General Moises Shriquei, acknowledged yesterday that the group that calls itself "Vivid Red" does in fact exist within the military. In recent days the group has circulated pamphlets denouncing the high commands and demanding greater attention to military requirements.

He said that the organization, which is apparently made up mainly of midranking officers and noncoms, has been operating for some time, despite which the direct superiors have been unable to identify its members, who in many instances have been denouncing a series of alleged irregularities in the running of the military.

"'Vivid Red' is an underground group in the Armed Forces. Unfortunately, we have not been able to discover anything about these pamphlets that are coming out periodically. There could be two or three people, but they cannot be identified, inasmuch as a single person could put out a series of anonymous pamphlets," the chief of staff of the high command asserted.

He attributed its existence to the heterogeneous makeup of the Armed Forces and to the discontent among some of its members. "Ours is a large institution. Not everybody can be in agreement with the things that happen in any command or any unit," General Shriquei said, adding that "they have to be military personnel because they are very well informed about the things that are going on."

Commander in Chief

When asked about the same issue, the commander in chief of the Armed Forces, General Fernando Sanjines, indicated that because of the annoyance that the pamphlets circulating periodically are causing among servicemen, Department II of military intelligence is investigating the matter.

"We are doing the appropriate follow-up," he said, noting that "they are anonymous, and we should not attach importance to an insignificant issue."

Defense Minister Antonio Cespedes made a similar remark, asserting that "the only thing I am familiar with is the pamphlet that I read once, but I do not attach any importance to it and it should not be taken into account."

Brazil

Cardoso on Importing Canadian Wheat, Other Economic Factors

PY1201134094 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jan 94 p B3

[Special report] by Darci Higobassi]

[Text] Finance Minister Fernando Henrique Cardoso stated on 10 January in Sao Paulo that the government has approved the importation of 1 million metric tons of Canadian wheat as a strategic action under its policy of supervising the availability of foodstuffs on the market, something that will have a positive effect on the price of bread and manioc meal. The importation of the wheat, which is under the control of a pool [preceding word in English] of flour mills, could amount to 1.2 million metric tons at a cost of \$15 to \$20 per ton, a price much lower than Argentine wheat.

"There is no risk of a lack of foodstuffs because the Finance and Agriculture Ministries are carefully supervising the agricultural market and there will be no disruption of the harvest," Cardoso guaranteed. He also believes the estimate of 42-percent inflation in January is pure "speculation. I am going to repeat what I have already said: The number 42 is a shoe size; therefore, there is no room for it." He said there will be no advance implementation of the real value unit (URV), explaining that the government will not begin to think about the URV until Congress approves the budget. Cardoso made these remarks during the morning of 10 January when he was interviewed on the "Business [preceding word in English] Program" broadcast over Manchete Television, which will be aired on 16 January.

The minister indicated that on 13 January he will meet with the board of directors of the National Bank for Economic and Social Development (BNDES) in order to define the new policy for the northeast, which has an estimated \$1 billion for the construction of highways, the planning of hydraulic resources, and general infrastructure services.

Cardoso also indicated that during January, President Itamar Franco will approve the creation of a permanent working group that will draft an extended administrative reform. The Planning Ministry, the Federal Administrative Secretariat, and the Civilian Household have been charged with this task under the Finance Ministry's supervision. The Social Welfare and Regional Integration Ministries will disappear, but other offices will be transferred to other areas.

Finance Minister Introduces Changes in Economic Plan

PY1301011894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jan 94 p B3

[Article by Ribamar Oliveira]

[Text] Finance Minister Fernando Henrique Cardoso has changed his fiscal adjustment proposal. He yesterday submitted to Gonzaga Motta, PMDB [Brazilian Democratic Movement Party] deputy for Ceara and coordinator of the special committee in the Chamber of Deputies that is analyzing the minister's second economic plan, a new proposal blocking 7.5 percent of the fund transfers to state governments, and leaving municipal funds untouched. The original proposal was to retain 15

percent of funds for state and municipal governments. The blocked funds will be used for the creation of the Emergency Social Fund.

After meeting with Cardoso and special Finance Ministry advisor Edmar Bacha, Motta said that "it was unfair to affect municipal governments, because 80 percent of them survive on fund transfers." By blocking 15 percent of transfers the government expected to collect approximately \$2.7 billion, \$1.4 million from municipal funds and \$1.3 billion from state funds.

With the new proposal, collected funds will drop to \$650 million. Gonzaga Motta said that the difference will be compensated for with an increase on the taxable percentages of the tax on manufactured products, the IPI, which will affect exports, and through the withholding—by the Union—of the income tax of federal public employees. This will put the federal public servants' income tax outside the cake that is shared with states and municipal districts.

"I believe the PMDB will like the changes in the economic program," Motta said.

Last Friday, a fiscal adjustment subcommittee chaired by Luiz Roberto Ponte, PMDB deputy for Rio Grande do Sul, approved a proposal by which fund transfers to state and municipal governments will be 5-percent higher, in real terms, than in 1994.

The modification announced yesterday by Minister Cardoso shows that the government has reviewed its figures and has preferred states to be partners of the fiscal adjustment instead of mere creditors. The modification, however, involves a source for political complication, as it maintains the block on fund transfers to state governments. This could be another proposal for negotiation.

Lula Denies Charges; PT To Accuse Maluf, Quercia, Others

PY1201121294 Rio de Janeiro O GLOBO in Portuguese 11 Jan 94 p 1

[Text] PT [Workers Party] President Luis Inacio Lula da Silva stated on 10 January that a political campaign exists to defame the party. He indicated that the death of labor leader Osvaldo Cruz Jr. is being used by his adversaries due to his good conduct in the investigation. Lula also stated that the PT is going to bring charges against [Sao Paulo City] Mayor Paulo Maluf (PPR [Progressive Renewal Party]); Union Force President Luiz Antonio de Medeiros; Justice Minister Mauricio Correa; Nelson Guimaraes, the police commissioner in charge of the case; and probably former [Sao Paulo State] Governor Orestes Quercia, who have accused the PT of being involved in Osvaldo Cruz Jr.'s death.

Deputy Luiz Santos Named Government Leader in Chamber

PY1301005194 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 12 Jan 94

[Text] The government has a new leader in the Chamber of Deputies. He is Deputy Luiz Carlos Santos of the PMDB [Brazilian Democratic Movement Party] of Sao Paulo. He replaces Deputy Roberto Freire.

* Army Chief of Staff on Modernization Priorities

94SM0147A Sao Paulo *TECNOLOGIA & DEFESA* in Portuguese Sep-Oct 93 pp 50-56

["Excerpts" from interview with Army Chief of Staff General Benedito Onofre Bezerra Leonel by Francisco Ferro and Cosme Degenar Drumond, in Brasilia on 17 August 1993: "Requirements and Prospects"—introductory paragraphs in boldface as published]

[Text] In any field of professional activity, looking at the future is always a risky business. Even if decisionmaking is backed by evaluations, studies, and forecasts, unexpected events are almost always detrimental to long-range decisions. In the military area in particular, there are many examples showing the difference between actual capability and the desirable level. But despite that, forecasts, studies, and evaluations are still of basic importance in reaching decisions affecting the future.

In the Armed Forces, those functions are performed by high-ranking officers with outstanding ability, and their purpose is to point decisions by the higher commands in the right direction. Known as general staff activities, they are an efficient tool that commanders rely on in order to exercise their command, even at the risk of being faced with unforeseen and pressing events.

In the Brazilian Army more specifically, the general advisory organization responsible to the minister for preparing and guiding that institution in its use of the ground force is the Army General Staff. Established on 24 October 1896 and located at Army Headquarters in Brasilia, the Army General Staff consists of a chief of staff, a deputy chief of staff, and six assistant chiefs of staff who specialize in various military matters. Its vast range of duties also includes responsibility for cooperating with the Armed Forces General Staff (EMFA) in studies aimed at establishing military doctrine, policy, and strategies.

The current Army chief of staff is a four-star general: Benedito Onofre Bezerra Leonel. A native of Piraju, Sao Paulo, General Leonel has an extensive record of service to the Army—his military career spans nearly 50 years—and he was promoted to full general in July of last year. In the line of hierarchical succession, the Army chief of staff takes charge of the Ministry of Army if the actual minister is absent.

On the morning of last 17 August, Gen. Leonel received the editors of *TECNOLOGIA & DEFESA*, Francisco Ferro and Cosme Degenar Drumond, in his office. On that

occasion, he commented to our magazine exclusively regarding important matters related to current military affairs and enumerated the Brazilian Army's priorities in terms of the country's financial capabilities. Here are the principal excerpts from his remarks during that interview.

Simulation System

"With a view to increasing the efficiency of training while also achieving cost-benefit gains, the Army has acquired a Small Caliber Arms Effect Simulation System. That modern equipment, which has been adopted by the armed forces of several countries, will enable us to improve training standards in small units (companies and platoons) by making the execution of dual-purpose maneuvers possible. The equipment will be assigned to a motorized infantry brigade. The company supplying the system will provide a 12-day training period for officers from various units."

Electronic Warfare

"This is a priority for the Army because it is a factor for modernization and increased operational effectiveness in the service. The phases of this project include personnel training and the introduction of high-performance tactical and strategic systems in the field of communications and noncommunications, the objective being to monitor the electromagnetic spectrum. Personnel will be trained at the Electronic Warfare Training Center, a unit that provides officers and NCO's—and, through a cooperative effort, the Navy and Air Force—with specialized training in that activity."

Modernization of Equipment

"The modernization of equipment will be aimed not only at meeting the demands of modern warfare, which require that we have materiel more suited to existing operational environments, but also and chiefly at saving money. With that in mind, the limitations imposed by the current economic situation are being taken into account. The current priorities in the modernization effort are armored vehicles and field artillery equipment, but we are not losing sight of the needs in other areas—communications equipment, for example."

Antitank Missile

"The MSS-1.2 antitank missile has been developed and is now going through the final phases preceding industrial production. This weapon is the result of cooperation between the Army and a European firm. It is a missile of the latest generation with an effective range of about 3.5 km and the ability to destroy the most modern armor currently in existence. Production is expected to begin in 1994, and at that point distribution to the infantry battalions will begin."

Osorio Main Battle Tank

"Several tests conducted in international competitions show that the Osorio, manufactured by Engesa [Specialized Engineers, Inc.], is a tank in the same class as the M1 Abrams (American), the Challenger (British), and the Leopard II (German) and that it is superior to the first-line tanks of other countries. The Army worked with Engesa to develop this tank."

Ballistic Protection Helmets

"Individual protection is essential for the soldier on the battlefield, who is exposed to four kinds of threats: shrapnel, projectiles, blast effects, and incendiary effects. As far as helmets are concerned, it is necessary to obtain a more suitable model that is more comfortable and affords increased ballistic protection. Some countries have used a composite material made of aramid and polymer resins. The Brazilian Army intends to gradually replace the old steel-fiber helmets with a highly functional light combat helmet providing ballistic protection. It has an effective shape and can be used on various missions."

New Suppliers

"The configuration of the world today is quite different from what it was five years ago. Until just recently, the Brazilian Army looked for equipment in West Europe and the United States. But today there are other potential suppliers: Russia, China, Korea, and Taiwan, for example. Those countries have interesting things to offer, and we are engaged in a process of developing closer relations with them by observing and making certain analyses. It is essential to pay attention to three principles: the materiel itself, logistics, and technology transfer when required."

Foreign Materiel

"Before buying any materiel abroad, the Army needs to know whether the supplying firm is 100-percent privately owned or a state-owned firm and the kind of economic-financial policy its country has. For example, when the Army deals with a foreign firm, it needs to be certain that the government of that country will support and guarantee the transaction, because we must seek the best for Brazil."

Antiaircraft Artillery

"The Secretariat of Science and Technology is continuing its studies and projects aimed at the development of a Brazilian surface-to-air missile. Portable infrared-guided missiles will be acquired to expand our current defense capability. Plans also call for acquiring a battery of laser-guided missiles (optronic)."

Field Artillery

"This involves several current programs: a) modernization of the M-108's, including the replacement of engines and changes to the vehicle transmission systems, to be

completed in 1996; b) modernization of the self-propelled 155mm howitzers and the self-propelled 105mm's to increase their ranges by 32 km and 17 km respectively. This program is being carried out by a British firm that will transfer the technology; c) the acquisition by 1996 of a large number of 105mm howitzers; d) studies and tests on the use of 105mm ordnance in the Amazon Region; e) the acquisition by 1996 of area saturation rocket systems; f) a start on the incorporation of modern radar target seeking equipment and sound ranging equipment as well as sight, laser, and infrared ranging equipment; and g) the acquisition, now under way, of photographing equipment and electronic fire computing equipment."

Coast Artillery

"Defending the coast and navigable inland waterways is an Army concern. The General Staff is conducting studies for ensuring suitable defense of the tactically important points controlling access to the Amazon Region."

Domestic Expertise

"This is fundamental for the Army. We are collecting know-how outside the country in the initial phase and then encouraging our own firms to participate in technological development. I believe that the same thing is also going to happen in connection with Sivam [Amazon Region Surveillance System]. As the program continues, the Army will enlist domestic industry. When you talk about materiel for military use, domestic industry, and the Armed Forces, that combination is a great platform for giving development a boost, with applications in many other areas. Technical know-how radiates out into the civilian area. There is no doubt that the Armed Forces play an important part in the country's development."

Support for Industry

"A country's security does not depend solely on its Armed Forces. It also involves the economic, psychosocial, and political areas in addition to scientific and technological development. The ability to design and manufacture materiel for military use is very important for strengthening our defense capability. The peace and progress that we all want for Brazil depend upon the integration of Armed Forces and industry. One of the efforts that the Army has been making in the area of industrial integration is Sicatex (Army Cataloguing System). The Army has a special affection for domestic firms which, besides working with production, also engage in research and carry out technological projects. Those firms deserve closer attention. In all projects of interest to the Army, the participation of our firms has been preserved. We cannot promise anything at the moment because of budget difficulties, but as soon as things improve, we will continue to support projects being carried out by our firms."

Military Service

"The Military Service System administers the Army's most important resource: people. It should be pointed out that even the Royal Charter dated 22 March 1776 ordered that everyone, with no distinction as to class, should participate in the defense of the territory. The current recruitment process has served very well throughout this entire period and lived up to Olavo Bilac's expectations regarding its role in promoting patriotism. The essential thing is to decide what is best for the country. We must decide that question ourselves without importing any models, especially since 83 of the 143 countries with organized armed forces have universal conscription, and our solution must be the result of an analysis taking into account geopolitical factors—size of the territory and population—among other things. The Military Service Law and its implementing regulations, based on Brazilian tradition and prior legislation, are the consolidation of long-time practice in dealing with the activities of military service."

Army Aviation

"Our Army Air Force comprises two types of helicopters: reconnaissance/attack helicopters and utility helicopters. There are a total of 54 aircraft, and they are going to be joined by another 18 reconnaissance/attack helicopters that we are in the process of receiving. To meet its requirements for logistic support and pilot training, the Army is looking into the acquisition of freight helicopters and training helicopters."

Adoption of GPS

"The adoption of portable equipment for determining one's position by the use of satellites leads to greater speed and accuracy in all combat missions. In order to conduct military operations in the field, it is essential for the fighter to know the exact location of his forces and of the enemy. The use of GPS [Global Positioning System] and other similar equipment greatly facilitates missions for all combat echelons and makes greater operational performance possible. The importance of that kind of equipment is very great in areas with difficult terrain, where there is dense plant cover and few reference points, the Amazon Region being one example."

New Caliber

"Several foreign armies have been adopting 5.56mm caliber personal weapons to replace the traditional 7.62mm. Besides helping to reduce weight and volume, the new caliber enables a fighter to carry more ammunition for the same weapon. Ballistic studies show that the 5.56mm weapon meets the requirements for range, penetration, and shock power. Some units of the Brazilian Army are already testing the FAL 5.56mm, produced by Imbel [War Materiel Industry], and preparing to use it."

Computerization

"The current state of computerization in the Army is characterized by a growing concern with the training and technical expertise of personnel and efforts to assimilate the culture of information processing; the search for a level of standardization that can improve productivity, quality, and the interaction between systems; awareness of the need to turn the user of information processing into the subject of the process by encouraging his active participation in the same; and the planning and implementation—now under way—of integrated systems for dealing with personnel and equipment and, later, economy and finance. Those systems will make it possible to develop other systems which are no less important than the former but which are dependent upon them."

Brazilian Amazon Region

"It is unquestionably an area of great strategic importance. The chief element in the vivification and development of that vast area—a slow process until recently—has been the pioneering work of the Armed Forces. The Federal Government laid the groundwork for the Calha Norte Project in 1985, and the actual work, which started in 1986, was to be carried out jointly by several government agencies. The project covers the region located north of the Solimoes and Amazon Rivers. Because it was already organized in the area, the Army quickly began working on the project."

Reserve Training Centers

"The Ministry of Army establishes reserve training centers at the request of the municipal governments, which address those requests to the commanders of the military regions. The centers are primarily the result of a municipal community effort. The Ministries of Army and Social Welfare have set up an interministerial coordinating committee for actions resulting from a protocol of intention covering the establishment of TG [reserve training center] programs in areas that lack them. Work to establish a pilot project (six TG's) is scheduled to begin in 1994. Those installations will also be used for activities of a social nature under the coordination of community centers."

Finances

"As far as the Army is concerned, the current fiscal year has meant an unprecedented exercise in adaptations and adjustments. Since the 1993 budget could not be approved until the end of April and actually implemented until June 1993, the ground force got through the first five months of the year with equivalent funds and only 12 percent of the amount it expected to have for operations and investment. The Army has an interest in getting its budget ceilings increased in 1994, because otherwise its operational capability will suffer."

Chile

Interior Minister-Designate Interviewed

PY1201171494 Santiago EL MERCURIO in Spanish
2 Jan 94 pp D2, D3

[Interview with Interior Minister-designate German Correa by Raquel Correa; place and date not given]

[Excerpts] [Passage omitted] [EL MERCURIO] Why did [President-elect Eduardo] Frei choose you for the cabinet's most important position?

[Correa] He should answer that question, but he told me he thought it was a gesture on the part of the state—a gesture for the future—to offer the most important portfolio to a Socialist. He said this will erase the ghosts of the past, putting a definitive end to “banned” areas. He said the fact that a Socialist—who is currently the president of the party—was chosen for that post reflects the maturity of our democracy. Second, because he recognized my personal qualities, my ability, and the experience I acquired in the cabinet of President Patricio Aylwin. Generation factors also played a role: Two men of the new political generation beginning a new phase in the consolidation of our democracy.

[EL MERCURIO] Malicious people have said it is a way to keep the Socialists totally tied to the coalition and to the government.

[Correa] There is no room for such malicious thoughts. To be strong, a coalition like ours needs to share the responsibilities of the government. And this must be done for better or for worse. That is part of government work. It is not a matter of burning either the Socialists or me, but of sharing the responsibility for all the good and the bad the next government may do.

[EL MERCURIO] Did the Socialists want the interior portfolio?

[Correa] Not at all. Our political analysts believed it would be politically unfeasible. A Christian Democratic Party member would have been the most obvious choice for the post, which is so close to the president and is so trusted by him. It was a surprise for my party. I frankly wanted to continue to lead my party, but when the president repeatedly offered the most important post... Had it been any of the other 20 ministerial posts, I would have continued to say no. But this is a historic step, an extraordinarily important, symbolic and political gesture. I had to properly appraise it, and so did the party. [passage omitted]

[EL MERCURIO] This ministry is in charge of public security, and as such is in charge of repression.

[Correa] This ministry is responsible for both public security and the immense task of regionalization and decentralization of the country, which must be set in motion now.

[EL MERCURIO] Will you suggest to Frei names for mayors and governors?

[Correa] Of course. As of 2 January, part of my job is to help the president-elect create his team of under secretaries, governors, and to fill the other public posts.

[EL MERCURIO] Will you do it with a calculator, counting the votes of each party?

[Correa] No. I believe political factors are much more important for cabinets, which rely on their political support.

[EL MERCURIO] The next cabinet is criticized for being more political than technical.

[Correa] Genaro Arriagada has publicly said that this will be a highly political cabinet for which excellence will also be taken into account. Excellence also applies to politicians. The designation of some politicians to technical portfolios was strongly criticized a few days ago. Yet I believe we did nothing wrong. [passage omitted]

[EL MERCURIO] You said you will have photographs of Frei, Aylwin, and Allende in your office. Which would you prefer in the presidential chair?

[Correa] Salvador Allende, without doubt, so that he could complete, within a different context, the dream we started in 1970; the dream that was thwarted by the convulsed reality in the country due to our mistakes and the great national and international plots.

[EL MERCURIO] You mean the dream of leading the country towards a socialist system?

[Correa] But a socialist system designed for Chile, with a lot of democracy and freedom, which Allende had in mind. I think many socialists at that time did not understand the socialism Allende offered.

[EL MERCURIO] Do you aspire to materialize that dream or is it something of the past...?

[Correa] The dream is unchanged. The form of expression, however, is quite different. It is a very democratic, very libertarian, participative, and very fair socialism. We will always aspire to achieve Allende's dream. He was unable to achieve it, but...

[EL MERCURIO] It was a socialism against market freedom, private property, which promoted expropriations...

[Correa] Precisely... We are suffering the consequences of those mistakes. [passage omitted]

[EL MERCURIO] Will yours be a hard or soft policy?

[Correa] A democratic policy. Fully respecting human rights and the peoples' dignity as well as the institutions in charge of safeguarding public order that risk their lives to do their job. Speaking frankly, we will promote the necessary changes regarding procedures and training of

the Investigative Police and the Carabineros. We must continue the great task started by President Patricio Aylwin's government.

[EL MERCURIO] Will the Investigative Police and Carabineros be placed under the Interior Ministry?

[Correa] From the political and congressional viewpoint, that might not be feasible, but I will make every effort to achieve a consensus with the opposition that will allow us to progress in that direction. There are several reasons against this and we must assess them carefully. This issue involves matters related to the public order policy and also very legitimate issues such as belonging to certain social security plans, being linked to other Armed Forces' branches. There are all sorts of symbolic aspects to be taken into account. It will be my duty, when we tackle this issue, to take all these aspects into account. [passage omitted]

[EL MERCURIO] How can you guarantee public order if you were involved in disrupting it?

[Correa] Well... That was when the country was ruled by a government that was not elected sovereignly by the people through free and informed elections; by a regime that systematically violated human rights; which imposed itself by force. Therefore, it was legitimate to fight against this illegal government. I would do so again if the country faced a similar situation again. We now live in democracy, in a state of law, with all its faults. I promote democratic means of struggle which excludes the use of armed violence.

[EL MERCURIO] Had you been interior minister last 11 September, would you have authorized the demonstration by extreme leftists at La Moneda on the anniversary of Allende's death?

[Correa] Yes. I did not agree with the mayor's decision. By authorizing the demonstration he could have reached direct agreement with the leaders, thus preventing violent demonstrations. Minor groups willing to unleash violence use the excuse of a ban like that to exercise violence, as was the case that day. [passage omitted]

Defense Minister-Designate Discusses Military Reforms

PY1201131294 Santiago EL MERCURIO in Spanish
27 Dec 93 p C3

[Excerpt] Defense Minister-designate Edmundo Perez Yoma stated on 26 December that the reform of the constitutional article that establishes the unremovability of the Armed Forces commander in chief is not a priority.

Perez Yoma made this remark to a television station.

He indicated that it is a question of principles because the coalition [Coalition of Parties for Democracy] believes the Armed Forces' leadership must be subordinate to civilian authorities. But he stated that this type of reform needs a

broad consensus, and therefore he believes there will be no action on the topic in the short term.

Perez Yoma said the topic "is neither first nor a priority," although he expressed his hope that "we can convince the rest of the Chilean people and the Armed Forces" that the power to remove the commander in chief must be returned to the president. [passage omitted]

Government Seeks Another Trial for Chileans in Peru

PY1201131894 Santiago Radio Cooperativa Network in Spanish 1000 GMT 12 Jan 94

[Report by Carmen Castro]

[Text] The Chilean Government has asked the Peruvian Government to apply appropriate norms in the case of Chilean terrorists sentenced to life imprisonment in Peru.

The Chilean Government seeks the application of appropriate norms in the case of three Chileans sentenced to life imprisonment in Peru. This was stated by Chilean Foreign Ministry spokesmen.

The Chilean Government considers unapplicable the norms and jurisdiction of the Peruvian courts that sentenced the Chileans for the crime of treason to the motherland, a crime valid only for Peruvians. The defendants are Chilean citizens; therefore, they cannot be the object of such an accusation, the ministry spokesmen said.

The Chilean Government wants them tried by a Peruvian civilian court for the crimes they committed even if they again receive prison sentences if their guilt in participating in terrorist actions is demonstrated. These Chileans are connected with the Tupac Amaru Revolutionary Army.

The Chilean Government does not oppose a trial but it wants the application of appropriate norms and procedures according to international law.

The trial that took place last week in Lima violated the law, given that after the defendants were notified of their charges, they were given only 24 hours to present their defense. The sentence was issued within the same time span, which is unacceptable.

The defendants' relatives also said the detained were mistreated and isolated. They were even sentenced to life imprisonment by faceless judges.

Several norms were violated, such as the fact that the defense did not have enough means and time. The law establishing that witnesses for the prosecution and the defense must testify under the same conditions was not respected. The four Chileans involved in this case were questioned on 14 October without respecting these conditions.

In the face of these juridical violations, the Chilean Foreign Ministry asked the Peruvian Government for the appropriate application of justice. The Peruvian Government has not given an official answer to the Chilean Government yet.

Colombia

M-19 Members Seize Church, Protest U.S. Troops' Presence

PA1201194994 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 12 Jan 94

[From the "National" newscast]

[Text] Protests over the presence of U.S. troops at Malaga Bay continue. Today, several members of the M-19 [19 April Movement] reacted by seizing the cathedral in Ibague, the capital of Tolima Department.

Approximately, 20 M-19 members are inside the Ibague cathedral right now protesting the presence of U.S. troops in Colombia and the incidents with the Venezuelan National Guard. They announced the action at 0700 this morning when they began a hunger strike for the dignity of Colombia.

[Begin recording] [M-19 member Carlos Herazo] We want the president to explain to the country the agreement that the Colombian Government signed with the U.S. Government for these engineering maneuvers.

[Unidentified Reporter] What do you want?

[Herazo] We also want to criticize the Venezuelan Armed Forces' constant violations of our sovereignty. [end recording]

The protest by this group of Colombians here at the Ibague cathedral will last until tomorrow.

Gaviria Responds to Senators on Presence of U.S. Troops

PA1201193994 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 12 Jan 94

[From the "National" newscast]

[Text] President Cesar Gaviria does not want to get involved in the argument over the presence of U.S. troops in the country. Superficially and without going into details, he has responded to those who have dared to question the presence of these troops in the country. The U.S. troops are already in Juanchaco, but the debate on whether their presence should have received Senate approval is just beginning to get hot.

[Begin Senator Alfredo Vasquez Carrizosa recording] What is understood by the term troops is an armed and trained group under the command of an officer and the flag of a certain country. This is exactly what came to Colombia. [end recording]

Notwithstanding, the president told Senators Fabio Valencia and Gustavo Rodriguez, who demanded an explanation, the construction of a school and a health center did not merit a report to the Senate.

[Begin Senator Rodriguez recording] As a result of this theory or subterfuge by the president, which I believe is an effort to disregard the Constitution, we are yielding our national sovereignty to foreign troops, no more and no less. [end recording]

In addition, the Defense Ministry explained the entry of U.S. troops is backed by a mutual assistance defense agreement signed in 1952.

[Begin Carrizosa recording] The Constitution takes priority over any agreement signed by the Defense Ministry in 1952 and the Constitution demands permission from the Senate. [end recording]

While the controversy continues, 259 U.S. soldiers are in various parts of the country working on construction projects in spite of the opposition.

Doubts Remain Concerning Work of U.S. Military Personnel

PA1201151394 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 11 Jan 94

[From the "National" newscast]

[Text] Even though the Marines have already started working in Juanchaco, the population still has doubts concerning the North Americans' real intentions. We have followed the gringos' steps in their everyday life.

[Begin recording] [Unidentified reporter] Why did you come this weekend to Juanchaco?

[Unidentified woman] Because I wanted to see what the gringos had done. I wanted to see them and to see whether it was true that they were here and what they had done. [end recording]

Indeed, tourists to the area, whose numbers have increased by nearly 35 percent, are coming to see—practically to supervise—the work of these U.S. soldiers, which for the people is still a mystery. For the inhabitants, it represents a genuine invasion.

The work under way in this lot, which is located approximately 2 km from the urban area of Juanchaco, begins at 0700. Tourists and inhabitants of the area are denied access to this place. Some soldiers operate machines, while others remain on the make-shift landing strip that will service small airplanes and helicopters. Supposedly, small aircraft will be able to land here to bring materials that might be needed for the little school and the health center.

Even while the U.S. soldiers guard this place, they enjoy the exotic sights of Colombia. The North Americans only speak among themselves. They barely even speak to the Colombian soldiers.

[Begin recording] [Reporter] What do you do here?

[Unidentified Colombian soldier] I provide security for the gringos, follow them wherever they go, and check on them. [end recording]

It is precisely these people—the Colombian soldiers—who paradoxically have to prevent the gringos from coming in contact with the Colombian press.

[Begin recording] [Reporter in English] Where is the school?

[Unidentified Colombian soldier, moving away from camera] Miss, please. [end recording]

The North Americans' work ends at 1700, when they return to the dock to leave for Bahia Malaga.

What these people are doing, or not doing, in Colombia is still a mystery. The only thing that is true is that what we have shown you is the daily routine they will carry out at least until the end of February, when they very well could still be in Colombia.

Bilateral Army Intelligence Meeting With Ecuador Announced

PA1301035394 Hamburg DPA in Spanish 1652 GMT 10 Jan 94

[Text] Santa Fe de Bogota, 10 January (DPA)—Colombian Government sources announced that a bilateral meeting between the Colombian and Ecuadoran Army intelligence directors started today in Santa Fe de Bogota.

During the meeting attempts will be made to find solutions to the public order problems that have occurred during the past weeks in the border region. These problems include the death of several Ecuadoran soldiers, which are believed to have been caused by the Simon Bolivar National Guerrilla Coordinating Board [CNGSB].

Colombian Army Commander General Hernan Jose Guzman pointed out that during this meeting, which will be held behind closed doors, they will attempt to establish the accuracy of reports circulating in Colombia. These reports are related to Ecuadoran Army units arresting several Colombian peasants on Colombian territory and accusing them of being guerrilla members.

Likewise, the meeting is intended to "formulate plans against guerrilla and criminal activities in the border region between both countries," Gen. Guzman emphasized. The officer also pointed out that the meeting constitutes part of the agreements signed several weeks ago by both countries' defense ministers.

Mass Grave Discovered in Santander Department

PA1201151294 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 1730 GMT 11 Jan 94

[From the "National" newscast]

[Text] The remains of at least 60 human beings were found today in a mass grave in Landazuri Municipality, Santander Department. It is believed that the corpses have been there anywhere between two to five years.

There is already speculation as to why they are there. Some versions say it is the result of accounts settled among poppy growers. Other say the deaths was due to executions by guerrillas.

Amid five hectares of poppy plantations in the place known as El Roble Heights, in Landazuri Municipality in Santander Department, troops of the Rafael Reyes Infantry Battalion found a mass grave with the remains of at least 60 people buried some time within the past five years. According to the Army, they are all FARC [Revolutionary Armed Forces of Colombia] guerrillas, and many of the victims have bullet wounds.

The "National" newscast has learned that apparently the 60 murdered guerrillas could be the product of executions among the rebels because of disloyalty. The executions may have been ordered by Braulio Herrera, former representative to the chamber by the UP [Patriotic Union], when he was the fourth-ranking FARC commander.

For this deed, the former congressman was sentenced to death by the guerrilla command, but he was able to leave the country illegally.

However, the authorities of the Landazuri municipality believe the corpses found there could be the result of a war among poppy growers of the region.

In the town today there is an atmosphere of mourning and anxiety because never before had such serious deeds been registered in the jurisdiction.

Foreign Policy Adviser Comments on Gaviria OAS Candidacy

PA1301003494 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 0000 GMT 12 Jan 94

[From the "24 Hours" newscast]

[Text] Gustavo Rodriguez Vargas, a member of the Foreign Relations Advisory Commission, said today [11 January] that the OAS secretary generalship cannot be attained by ceding Colombian sovereignty. Rodriguez Vargas said that there is a need for a clearer policy regarding cases such as the presence of U.S. Marines in Juanchaco, on the Atlantic coast, and the incident involving the incursion by Venezuelan troops in Saravena, Arauca. In the case of Venezuela, Colombia has been too complaisant regarding the defense of our

sovereignty. Some believe that President Cesar Gaviria is seeking the neighboring country's vote for the post of OAS secretary general, and have gone as far as to publish cartoons such as these.

[Begin Rodriguez recording] I hope President Gaviria does become the OAS secretary general, but it should not be at the expense of our national sovereignty. [end recording]

According to Gustavo Rodriguez, six of the seven meetings the commission has held have addressed the Venezuelan issue. Colombia first stepped back fearing Carlos Andres Perez' fall from power. Then it desisted in favor of the election process in Venezuela, and finally because of pressure from the Venezuelan press. SEMANA magazine reported on Gaviria's recent efforts. It says he spent his vacation on the telephone trying to recruit votes for the secretary generalship. He was after the votes of Costa Rica, Nicaragua, Panama, Ecuador, and, of course, Venezuela, which has Miguel Angel Burelli running for that same post. According to the magazine, Gaviria even contacted Burelli. Experts on international policy believe Venezuela will support Costa Rica, and its candidate Bernd Neihaus, instead of Colombia. They would benefit more by supporting a Caribbean candidate than a Colombian. Experts also say that President Gaviria must choose between his aspirations at the OAS and defending national sovereignty.

*** Samper on Campaign, Relations With Gaviria**

94SM0149A Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 p 7A

[Interview with prospective Liberal Party presidential candidate Ernesto Samper; place and date not given]

[Text] Ernesto Samper returned to Colombia Thursday night after a two-week trip to the United States, Asia, and Mexico. On Friday he gave the following written interview to EL TIEMPO's political editor.

[EL TIEMPO] During your absence, President Cesar Gaviria said that dark forces were trying to create friction between the two of you. Do you think such forces exist?

[Samper] If the president says so, it must be so. The important thing is what he and I feel. I strongly support his actions concerning the government, the Constitutional Congress, drug traffic policy, and the internationalization of the economy. Along with the majority of the Colombian people, I believe President Gaviria's liberal government has been good for the nation and I support the renewal he has undertaken. Furthermore, the president knows when and on what occasions I have supported him at the times when he needed it. He also knows that I am not a person who keeps score on political debts.

[EL TIEMPO] Some commentators say some ministers should be removed from the cabinet to emphasize your conceptual and political differences with the president. What do you think?

[Samper] As I said before, I support President Gaviria's liberal government, so I find no reason to consider such a decision. Also, it is the president who decides about changing ministers.

[EL TIEMPO] Do you think there are electioneering intentions in the book by Mauricio Vargas that portrays you as a weak person more concerned about political position than about ideas?

[Samper] I will confess to you that I have not read the book by SEMANA's editor, though my friends agree that it is an anti-Samperist treatise. Nor do I know if there are political intentions behind it. If so, that would be the start of a new phase of politics in Colombia, a dirty war, which I am sure the Colombian people will categorically reject. The raw material for the political debate cannot continue to be inner-circle gossip, backbiting, and rumors. The people have the right to have the candidates talk to them about solving the problems of unemployment, corruption, or the lack of security; that is what we are really interested in.

[EL TIEMPO] Do you feel your campaign is being well run?

[Samper] Yes. It has gone well and the polls show that. I am concerned, though, about the changing course the campaign is taking. The Colombian people know my style of politics, based on ideas and proposals, like the ones I have been presenting during the past six months about issues like unemployment, agricultural recovery, or the fight against corruption. Now we are trivializing politics, reducing it to gossip, trivia, and the calumny of the passing moment. That is not good for anybody. Colombia should think big; that is what the Colombian people expect from those who aspire to lead the destinies of the nation.

[EL TIEMPO] Do you think you have lost spontaneity because of your advisers' strategies?

[Samper] If I have to lose spontaneity, I would rather lose my advisers.

[EL TIEMPO] Have you perceived uneasiness among your supporters in Congress about the way the campaign is going?

[Samper] I have not heard much about that; I will look into it more in the coming week. Although I know the people urging these changes are acting in good faith and constructively, I believe the campaign should be measured by its results. And the results show that when I first began my campaign in May, the polls put Dr. Pastrana 21 points ahead of me; now, six months later, our own polls and those of the president show that I am six points ahead of the candidate of the Pastranist sector of conservatism. That means we are up 27 points. How can

people say the campaign is not working with results like that? I want to convince the leaders who are with me now so that, with their valuable assistance, we can appeal to other social sectors that have traditionally not taken part in elections. My campaign strategy has been to reach out to those sectors and open up new areas for dialogue in universities, unions, and associations.

[EL TIEMPO] Now that the Conservative Party has endorsed Andres Pastrana, do you think he is a rival who will force you to go to a second round?

[Samper] Some people in Colombia have an admirable capacity for being surprised by normal events. Who was not aware that the Conservative Convention of the Pastranist sector of conservatism would announce its support for Pastrana, as it did last week? What would really have been surprising and democratic is if the convention had chosen a popular vote process, as liberalism did, to select the conservative candidate in a transparent and participatory manner, or if at the convention organized by Dr. Pastrana, Dr. Alvaro Gomez Hurtado and other conservative candidates for the nomination had been present. Unfortunately, that did not happen. Anyway, I am sure of getting enthusiastic support from liberalism and other political groups after the party vote so I will win the first round by a KO [knockout].

[EL TIEMPO] What did you learn during the trip from which you have just returned?

[Samper] We did not realize Colombia's importance internationally. We tend to concentrate on small details, so we lose sight of what Colombia represents, the way the international community sees us. While people outside look at Colombia through a telescope, we focus on things through a microscope. We need to change that. If Colombia wants to move forward, we have to think big. For example, President Salinas told me he is convinced that Colombia could play in the same arena as Mexico: in the Pacific Rim community, in the Group of Three, and through the latter it could join in NAFTA [North American Free Trade Agreement], a connection that would right away generate over 150,000 new jobs, as Minister [of Foreign Trade] Santos was told.

*** Pastrana on Political Ideology, Border Issues**

94SM0159A Caracas EL DIARIO DE CARACAS in Spanish 12 Dec 93 pp 30-31

[Interview with presidential hopeful and New Democratic Force leader Andres Pastrana by Ana Maria Matute, in Venezuela; date not given]

[Excerpt] [Passage omitted] [Matute] What exactly does New Democratic Force mean?

[Pastrana] As in Venezuela, there was traditionally a two-party system in Colombia. The system actually began breaking up in the 1990 elections when the M-19 rejoined public life and consolidated its position as a

third party. This new political movement has grown stronger since then in the National Constituent Assembly. We in New Democratic Force started getting involved during the elections for senators, when their mandate was revoked. We are neither a party nor a political movement. This means that we do not have legal status, that we are not registered as a party. We are different from the Conservative and Liberal parties and the Democratic Alliance (M-19), which as a result get certain benefits from the government. We have chosen not to register. I invited Liberals to take part, I invited my Conservative Party, and independents. Today we have eight senators, two of whom are from the Liberal Party. Moreover, I have not resigned from my party. I have not told the Liberals to resign from their party; rather, I have said that we should put together a political force. What is happening in Latin America is that the parties are wearing themselves out and have ceased to be spokesmen for their people. People no longer expect the answers to be Liberal or Conservative, just as I am sure that in Venezuela one party alone cannot govern.

[Matute] How would you define yourself ideologically?

[Pastrana] As I told you, I have not resigned from my party, the Conservative Party. In accordance with the new philosophy, I would define myself as a centrist. As for economic policy, I believe in the liberalization and the integration that are taking place in the world. In this regard we have backed President Gaviria. The development minister belongs to the political movement of New Democratic Force. We believe that some adjustments have to be made in connection with this policy in Colombia's case, especially in the area of agriculture. I think that the country has to aim for growth of over six percent, but along with the well-being of its people. We have to lend a social meaning to this economic growth. In this case I have backed President Gaviria's efforts to do so because I think that this is the way to lead the country into the future.

[Matute] Hasn't such support for a Liberal president carried a high political price for your career?

[Pastrana] A few days ago I said that I do not hope that things go bad for President Gaviria so that they will go well for Andres Pastrana. I hope that things go well for President Gaviria so that things go well for Colombians. And I think that this is what people are hoping for today. I signed a political accord with Gaviria and for this reason I am part of the administration. It is a political accord under which I can continue to disagree with him. I personally think that social investment in Colombia has been weak. We have to really earmark resources in order to move the country forward. I think that governments have to be supported for what they do well and criticized for what they do poorly, and this is what we are doing.

[Matute] Do you think that the manner of practicing politics is changing?

[Pastrana] I think that there is another way. People may think at times that a political group is involved in an administration in order to reap benefits. When I joined President Gaviria's administration, Pablo Escobar had just escaped from prison, and energy rationing was starting. In other words, President Gaviria was at his low point. I think that this is the new way of practicing politics. To a great extent this is being shown in Venezuela, because Convergence is made up of 17 parties. In the case of Venezuela, even though COPEI [Social Christian Party] is a party and AD [Democratic Action] is a party, what the presence of Convergence may show is this: that problems today cannot be identified as problems for AD or COPEI members. As I think is the case in Colombia, problems are neither Liberal nor Conservative; they belong to everyone. And I think that in the face of this, if we can join efforts, we will succeed, that is to say, form a national government.

[Matute] If you are elected, will you deal with Congress through pacts?

[Pastrana] No, what I am talking about is the presidential election; this is what we are putting together a movement for. We are not submitting slates for Congress. We are putting forward a political agenda for the presidency.

[Matute] What is your government program?

[Pastrana] We have not yet put forward our government program because we have not officially put forward a candidate. Our aim is to launch the campaign officially this January with a pledge in the form of a government plan. What Colombians are expecting today is a very specific program to deal with the problems besetting them. This is why it is hard at the moment to talk about a plan.

[Matute] Colombia's two main presidential hopefuls, you and Ernesto Samper, are being accused of using image, propaganda, and the mass media more than contact with the people.

[Pastrana] If there is any distinguishing feature of Andres Pastrana in politics, it is the slogan that I used during the campaign for mayor: "saying and doing." And this is why I want to commit myself to a government program. But I want to commit myself to Colombians on the things that I can do as president. They have tried to stereotype Andres Pastrana as someone who does not speak up. But, as I said before, I am not officially a candidate. Therefore, my campaign has not begun officially. I have tried to introduce new styles in politics. During the past election campaign for Congress we managed to get a half-million votes in a month and a half without delivering a single speech.

[Matute] How did you manage that?

[Pastrana] Traveling all over Colombia, talking with people, exchanging personal opinions with them. This is

the same thing that I have wanted to do in the presidential campaign. I have been traveling around the country listening to people. In general, it is the candidate who talks to the people, but we never listen to the people so that a candidate can express what they want through a government program. We are now holding forums in each department to learn about people's deep-seated concerns and worries, to find out what the priority projects are.

[Matute] What is Andres Pastrana's diagnosis of Colombia?

[Pastrana] The main issue in the country, and we cannot hide it, is security. I think that with Pablo Escobar's death we are doing away with one of the problems, which was narcoterrorism. We are thus beginning a new chapter in Colombia's history. But the guerrillas and crime in the streets remain. Infrastructure is the other major issue. A study by the U.S. firm Monitor on competitiveness in Colombia, an issue that our development minister, Luis Alberto Moreno, has been addressing in this administration, says that Colombian exporters' costs are 12 to 14 percent higher owing to the lack of roads. It is very difficult to compete like that. We have to build all this infrastructure so that the liberalization can expand and we can compete on an equal footing. [passage omitted]

[Matute] In your opinion, what is the best way for Colombia and Venezuela to settle the pending problem of delimiting offshore areas?

[Pastrana] I personally believe in direct negotiations, as they are called for in the San Pedro Alejandrino accord. But I am going to be clear about this. I proposed an agreement to put the delimitation issue on ice, because I do not think that it ought to be a campaign issue. Venezuela kept its word, and the candidates tacitly honored the agreement; the issue of the delimitation was not a campaign issue. They heeded my proposal. My worry is that in Colombia the candidates agreed to put it on ice only until after the presidential election in Venezuela. I think that the agreement has to extend until after our presidential campaign. The other issues I think should continue being discussed.

[Matute] Don't you think that the issue of immigration has been brought up in the campaign in Colombia?

[Pastrana] Right now, yes. But I do not think that we can continue to view relations from a negative perspective all the time. People say that kidnapping is going on in Venezuela; they complain about guerrilla raids. These are problems that directly affect us and indirectly affect Venezuela. At times minor problems disrupt relations between the two countries. There is even one issue that is insignificant to us but not to Venezuela: car theft. We have to do away with the scourge of kidnapping. We have to look for ways to control our borders so that we can put an end to these crimes both here and there. Let us hope that the issue of immigration is not used for political purposes in Venezuela either. President

Velasquez has said that he is going to review Decree 1911. I think that it has to be. In the final accounting, there are Colombians who have helped to develop this country, just as there have been Venezuelans in Colombia. We cannot say that problems do not arise for us, both here and there. The important thing is to investigate these complaints and, if there are violations between the two countries, to punish the guilty.

[Matute] Would one of the ways be to set up a bilateral commission on immigration?

[Pastrana] Yes, this would enable the two countries to sit down and talk about the issue of immigration, whether offices need to be opened up along the border; it would provide a place to look into the problems, to investigate. The most important thing is to view relations not in terms of the past but with an eye towards the future. I told President Rafael Caldera: Why don't we use the Andean Pact as a bloc to negotiate a free-trade agreement with the United States. Trade between the two countries is almost \$1.5 billion. This is something that I do not think most people would ever imagine. This entire process is irreversible. There were fears in Colombia that President Caldera might be thinking about backtracking; I do not think so. On the contrary, I am optimistic now. We know Caldera; we know who he is, and we know that relations between the two countries are going to grow stronger in several ways. One of them has to be integration. I think that the Group of Three has been a significant example of development. All of this is not going to be easy, but these efforts at integration and liberalization are important to us. [passage omitted]

* Need To Overcome Voter Apathy Seen

94SM0160A Santa Fe de Bogota EL ESPECTADOR in Spanish 12 Dec 93 p 10A

[Article by Carlos Murcia: "Candidates' Offensive Against Voter Apathy"]

[Text] In the weeks ahead, particularly in January, presidential and congressional candidates will launch a major propaganda and proselytizing offensive aimed at penetrating the apathy that has seriously affected the election campaign.

Many candidates are very concerned about the conclusions drawn by pollsters suggesting that 40 to 50 percent of all Colombians have no interest in the four elections to be held in 1994. The number of undecided voters is also high. Under such conditions, if politicians do not adopt a more convincing attitude toward the voters, more could abstain than in previous years, these same analysts say.

Neither presidential candidate Ernesto Samper Pizano nor his campaign managers and advisers agree. They predict that enthusiasm among Liberals will pick up in 1994 and equal that seen in previous campaigns. They claim that Liberals could make up 55 or 60 percent of the total number of voters. They estimate that over 3.5

million Liberals will vote, 2 million for Samper and the rest split by the remaining four precandidates still in the race by 13 March: Humberto de la Calle, Carlos Lemos Simmonds, Rodolfo Gonzalez, and David Turbay. It is rumored that Luis Guillermo Sorzano is preparing to launch his candidacy for the Senate although he has delayed the announcement.

Election Calculations

They estimate that some 6 million persons will go to the polls to cast their ballots for the various parties and groups in the congressional elections. For obvious reasons, that figure could be somewhat lower for the presidential elections because the lure and intensive work of congressional candidates will be missing. However, at the last minute, the element of the mayoral and gubernatorial races could possibly rouse voters out of their apathy.

The Conservative election between presidential candidates called by the union of the "rebel quintuplets": Rodrigo Marin, Rodrigo Llorente, Juan Diego Jaramillo, Gabriel Melo, and Roberto Gerlein, but rejected by those following the guidelines of the Conservative leadership supporting Andres Pastrana, could rally some 600,000 votes, according to its organizers' estimates. However, when one considers that the Conservative Party could win nearly 160,000 votes for Congress, the party could find itself in a difficult situation due to the split into two major blocs for the 8 May elections. One group would back Andres Pastrana while the other would rally behind the candidate chosen from among Rodrigo Marin, Juan Diego Jaramillo, Rodrigo Llorente, Gabriel Melo, and Roberto Gerlein.

Under these conditions, the Conservative picture does not look particularly promising because Alvaro Gomez Hurtado is expected to make his political move following the 13 March elections and there is no indication of which way he will go. While Gomez Hurtado has not sided with either faction, his silence is an obvious sign of indirect support for the "rebel" election.

It will not be easy to control Congress for the coming elections because senatorial candidacies are nationwide. This fact forces candidates to spread out all over the country, changing the terms of regional politics. In addition, the separation of congressional elections from those for councils, assemblies, mayoralties, and governorships leads one to think that terrorist groups might do their utmost to disturb law and order.

Everything To Win

Although public opinion polls point to a possible tie between Samper and Pastrana on the first presidential ballot, it should be noted that after the Liberal nomination, the Liberal precandidates now opposing Samper will back him. In contrast, Pastrana will face a split in his party that appears to be irreversible. While Pastrana could possibly win a few Liberal or independent followers, he will not have other elements in his camp like

those that backed Belisario Betancur's national candidacy in his race against Alfonso Lopez Michelsen. The latter was a candidate who faced Liberal resistance and, above all, a very strong rival in the ranks of his own party: Luis Carlos Galan, who is a far cry from Enrique Parejo.

Among his political assets for 1994, Samper can also rely on the fact that Gaviria's positive image resulting from the blows the latter dealt to drug trafficking will help him more than they will Pastrana. This is so even though he has had to put some distance between himself and this government on such issues as agrarian policy, the economic liberalization program, and social security reform. He also hopes to get on well with the followers and leadership of the Democratic Alliance M-19, mainly because of similar positions on many social, economic, and political issues.

Favorable Star

Andres Pastrana, to whom the past two weeks have not been kind because of the revolt of the quintuplet union and because of what happened to his cousin, Gustavo Pastrana Gomez, diplomatic adviser in Uruguay, is confident that his good rating in public opinion polls will hold until May because to date, his campaign has been waged more on image than on any platform. His visit to Venezuela on Wednesday was an attempt to win back points and divert attention to other issues. In that international action he had the support of Development Minister Luis Alberto Moreno, his future campaign director.

All predictions revolve around two key persons in the campaign: Andres Pastrana and Ernesto Samper, assuming that no blows will be struck in the elections. However, Enrique Parejo, Miguel Alfredo Maza Marquez, Antonio Navarro, Humberto de la Calle, and Carlos Lemos are confident that the rules of play will change in their favor and that the "sure bets" are in for a surprise. "They have ruled us out ahead of time, but they are going to get the surprise of their lives," Parejo says, dreaming of an election fluke. "It's not over yet," De la Calle argues. Lemos is quieter, perhaps because he is beginning to be named for the vice presidential spot in Julio Cesar Sanchez's proposal, the key to a "winning team" with Samper.

* Social Security Reforms, Reaction Discussed

* Overview of Reforms

94SM0158A Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 pp 1-2C

[Text] Next year our country will launch a new health care system aimed at rapidly expanding coverage so that by the year 2000, nearly 90 percent of the population will be totally covered.

Private Coverage

The bill passed by Congress sets up units known as Health Promotion Agencies (EPS) that will be responsible for collecting contributions from workers and business owners (12 percent of the total monthly payroll) and for contracting for health care services to be paid for out of these resources.

Higher Dues

The new plan means a 71-percent increase in the contribution for health care. To date, employers and workers have paid in 7 percent. According to estimates of the National Association of Industrialists (ANDI), additional contributions paid into the Social Security Institute by members will total 233.5 billion pesos, 156.5 billion from employers, and 77 billion from workers.

An employee earning 100,000 pesos next year (roughly the minimum wage) will pay 3,960 pesos of that sum for health insurance for himself and his family. Under the current system, he would pay only 2,310 pesos.

The employer's contribution rises from 4,666 to 8,040 pesos, with the additional resources used to provide the entire family of the insured with basic health care, including common illnesses and maternity coverage.

Two Systems

The reform creates two major systems: the contributory system and the subsidized system. The former will cover persons with contracts, government employees, pensioners, and independent workers able to pay. The subsidized system will include persons unable to pay who will receive economic assistance to make their contribution to the system. Such assistance will come from a Solidarity Fund.

Members will have freedom of choice. They will be able to select the EPS they prefer or transfer to one providing better services.

Subsidy

What will be the source of the subsidy? Health Promotion Agencies will collect contributions from employers and workers. These funds will be used to pay for the basic health plan and administrative overhead. However, in some cases, there will be a surplus that must be transferred to the Solidarity Fund. Subsidies will be financed out of these resources and other funds transferred from the Central Government or municipalities.

How will the surplus be generated? First of all, the National Social Security Council for Health Care will determine how much the health care of every member costs. For example, if it estimates the cost to be 200,000 pesos a year, the EPS may retain only that amount for every member covered. However, in many cases, the agency may have a large number of persons earning high incomes, meaning that 12 percent of their salaries would amount to far more than the cost of the health care. In

such cases, the surplus will be paid into the fund, effectively creating solidarity between the rich and the poor.

No Cuts

How does the plan work? The law states that the basic health plan to be provided by the EPS will be the same as the one now offered by the Social Security Institute. In other words, it will include a package of services covering common illnesses and maternity at all levels. It will also cover any and all diagnostic services, medical treatment, surgery, and rehabilitation deemed necessary.

No "Preexisting Conditions"

There will be no such thing as "preexisting conditions" in the system. This means that members will receive care even if it can be demonstrated that a specific disease was contracted before coverage as a member began.

For the first time, the pension reform will allow the participation of private pension funds, which will begin to compete for the contributions of Colombian workers.

Gradual Readjustment

Payments into either of the two systems will gradually rise from 8 to 13.5 percent based on the following schedule: 11.5 percent in 1994; 12.5 percent in 1995; and 13.5 percent in 1996.

Of that amount, 3.5 percent will go to pay for disability and survivor benefits and the administrative overhead of the system, whether it be the ISS or a private fund.

In the latter case, however, the government has decided that in order to promote competition, to the extent that the funds are more efficient, they may voluntarily transfer part of the 3.5 percent into their members' savings accounts.

Under both systems, employers will pay 75 percent of the dues and workers the remaining 25 percent.

Solidarity Fund

In order to expand coverage and enable persons with low incomes to secure a retirement pension, a Pension Solidarity Fund is being set up that will also benefit athletes, artists, bullfighters, women operating small businesses, "community mothers," and the physically challenged.

During its first year of operation, the Fund hopes to obtain over 40 billion pesos from an additional 1-percent contribution paid by employees earning over four minimum monthly wages.

Retirement Age

In order to be entitled to an old-age pension, a worker must be over 55 in the case of women or 60 in the case of men and have paid into the system for a minimum of 1,000 weeks (whether continuously or with interruptions), i.e., 20 years.

Effective 1 January 2014, the age at which one becomes eligible for the retirement pension rises by two years: to 57 for women and 62 for men.

Those covered by the private system are entitled to a retirement pension at whatever age they choose, provided the total amount of funds that have accumulated in the individual account allows them to have a monthly pension exceeding 110 percent of the legal minimum monthly wage at the time.

Amount of Pension

The amount of the old-age pension based on the first 1,000 weeks of contributions will be equivalent to 65 percent of the base distribution income.

However, for every additional 50 weeks and up to a total of 1,200, the percentage rises by 2 percent to a maximum of 73 percent. From 1,200 to 1,400 weeks, the percentage will rise by 3 percent up to a maximum sum of 85 percent of the base distribution income. In the case of private pension funds, the terms are different because the amount will depend on individual savings and their financial yield.

How Amount Is Calculated

In order to calculate the base distribution income, the last 10 years or the entire time worked will be taken into account, depending on which alternative is more beneficial to the retiree.

Exclusions

The following will be excluded from the system of individual savings: those receiving disability pensions or persons who, when the system takes effect, are over 40 years of age in the case of men and 35 in the case of women, and those who have paid into the ISS for over 750 weeks.

Transfers

Persons deciding to transfer from the ISS to private funds will receive a pension bonus. The bonus will recognize contributions made since the worker joined, with allowance being made for inflation and the yield such contributions would have paid.

Fiscal Cost of the Social Security System Reform Plan (in billions of 1994 pesos)

Year	1994	1995	1996	1997	1998	1999	2000
I. General Pension System	160.409	352.504	393.968	409.688	426.687	442.158	460.435
A. Cost of Dual System	46.717	73.852	86.244	93.353	99.836	106.581	113.594
1. Additional Contributions	25.445	49.375	58.341	61.692	64.800	68.006	71.315
2. Additional Transfers	21.272	24.477	27.902	31.661	35.037	38.575	42.279
B. Pensions for Indigent Elderly	25.000	70.000	76.000	81.000	89.000	95.000	103.000
C. Pension Solidarity Fund		23.573	30.314	32.334	34.736	36.371	39.401
D. Other Costs of Pension System	33.692	179.979	201.911	202.454	203.067	203.706	304.441
1. University Liability Fund	10.000	39.000	38.610	38.224	37.842	37.460	37.089
2. Additional Monthly Allowance for Pensioners	10.661	10.448	31.073	30.156	29.347	29.250	28.665
3. Minimum Pension Guarantees	8.000	25.424	27.497	20.381	31.307	33.248	35.198
4. Health Contribution Pension Adjustment	10.531	20.430	19.817	19.223	18.646	18.087	17.54
5. Health Pension Liabilities Fund	40.000	75.000	75.000	75.000	75.000	75.000	75.000
6. Bank Superintendency, Other Costs	9.500	9.677	9.909	10.170	10.425	10.658	10.945
II. General Health System	47.010	98.358	134.059	141.936	149.161	158.785	169.883
A. Solidarity Fund and Guarantee	49.455	90.613	125.871	133.277	140.066	149.240	159.874
B. Additional Health Contributions	(2.445)	7.745	8.188	8.659	9.095	9.545	10.000
III. Additional ATEP Contributions	0	0	0	0	0	0	0
Total Fiscal Cost	207.419	450.863	528.027	551.624	575.848	600.943	630.318

* Adjustments for inflation begin with the December 1992 balance. Source: National Department of Planning, Ministry of Finance

* Employers Fear Costs

94SM0158B Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 p 3C

[Text] The greatest fear of business owners and merchants concerning new obligations imposed by the Social Security Law has to do with added labor costs, the difference between the two pension systems, and the concentration of power in the hands of the Ministry of Health.

Spokesmen for the private sector say the new system will once again force businesses to raise prices on their products or accept lower profits.

This is how businessmen and merchants will cover the increase in payroll costs resulting from the adjustment in pension contributions and the change in the proportion of contributions.

The new Social Security Law provides that employers will pay 75 percent of the pension contribution and workers the remaining 25 percent. Employers currently pay only two-thirds of the contribution.

The National Association of Industrialists (ANDI) has from the very beginning opposed the disproportionate share of the dues, arguing the high labor costs it generates for businesses.

It holds that, when combined with the increase in contributions, not only will this factor generate inflationary pressures, but higher labor costs could result in a loss of ability to compete internationally for Colombian goods and services.

According to Andres de la Espriella, president of the Colombian Association of Garmentmakers (ASCONFECCION), the greatest impact will be felt by small and medium-size enterprises which, while paying the lowest wages, are among the biggest contributors because the industry is labor-intensive.

In his opinion, the goods produced by such industries will reflect a substantial price increase in the early months of next year.

Luis Gustavo Florez, president of the Federation of Metallurgical and Metal-Machine Industries (FEDEMETAL), warns that passing on the added cost to prices will not be possible in all sectors.

He thinks the economic liberalization program [apertura economica] reduces the room that businessmen once had to pass on added costs to consumers.

He says the added costs will be reflected in the profits of companies in his sector because they intend to adjust prices by only 14 or 15 percent in 1994.

Businessmen are also concerned about differences in the number of weeks of contributions required by private funds and the Social Security Institute (ISS) because they do not allow for real competition between the two systems.

Health Care

Sabas Pretelt de la Vega, president of the National Federation of Businessmen (FENALCO), challenged a number of articles in the health reform.

His major criticisms are directed at the concentration of power in the hands of the Ministry of Health, which will be responsible for outlining services provided by health care plans for Colombians.

Pretelt also questions the possibility that the ministry could channel resources from the system to finance health programs.

He argues that in so doing, the Health Promotion Agencies would be turned into mere "delegates."

"Never before have we had such interventionism on the part of the government," the FENALCO official said, going on to claim that such a policy runs counter to the process of modernizing government.

* Labor Unions Displeased

94SM0158C Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 p 3C

[Text] Leaving health in the hands of the private sector, increasing contributions and the number of weeks required for eligibility, and reducing the amount of the basic retirement pension are among the reasons why the country's major labor unions reject the Social Security reform plan passed by Congress.

The United Workers Confederation (CUT), the General Confederation of Democratic Workers (CGTD), and the National Federation of Government Workers (FENAL-TRACE) all reject the reform, calling it "ill-fated" for employers, workers, and the country in general.

"It is a mistake to turn health services over to the agencies. There is a danger that those most in need will no longer be served and that the overall health care that they formerly received at hospitals will be considerably diminished," CUT official Isaias Cristancho warned.

He also said that raising Social Security contributions from 15 to 25.5 percent of wages and increasing the number of weeks that one would have to pay into private pension funds would have a negative impact.

Yesid Garcia, deputy secretary of the CGTD, said his union opposed the creation of pension funds and the fact that the financial sector would handle Colombians' savings. He proposes instead that procedures be put in place enabling the ISS to handle such resources as part of its investment portfolio.

The Confederation notes that the plan increases the number of weeks one is required to pay as well as the amount of contributions, raises the retirement age, and lowers the amount of the basic pension from 75 to 65 percent of wages, all of which points it rejects.

It also opposes the method of figuring the basic pension, which will henceforth be calculated based on wages earned for the last 10 years or the entire time worked. At present, only the last two years are considered.

* Financial Institutions Comment

94SM0158D Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 p 3C

[Text] The new pension and health system was greeted with certain reservations by the Colombian financial system. In giving the reason for their reservations, the financial institutions argue that a number of inequities place private pension funds at a disadvantage compared with the Social Security Institute (ISS).

Nevertheless, it is hoped that with proper regulations, not only will there be greater competition, but also a smooth implementation of the law.

For insurers, the reform is a positive step because it ends the government monopoly over pensions and health care and launches a process consisting in offering a pension based on the savings of every worker.

In addition, it is emphasized that for the first time in the country's history, competition is allowed between public and private entities, with complete freedom for every worker to choose between the systems based on the quality of services offered in terms of pensions and health care.

There is one drawback, however: The cost of the reform aimed at expanding retirement and health care coverage will be substantial.

William Fadul, president of the Union of Colombian Insurers (FASECOLDA), said it will be necessary to review differences established in the number of weeks of payment required and the age at which one becomes eligible for a pension, as well as the generous criteria for determining disability.

For the National Association of Financial Institutions (ANIF), the reform could be described as "battered but surviving," inasmuch as the imbalances favor the ISS.

"They did everything possible to discriminate against the funds, meaning that the workers earning the lowest wages will have to pay a kind of toll to join," ANIF President Javier Fernandez Riva said.

He emphasized the workers' freedom to choose because it will promote competition and improve ISS services, but he is concerned that before one may transfer to a fund, a statement before a notary is required.

Invertir [Invest] President Fernando Borda said the reform is good, but could have been better. He did admit, however, that it was impossible to do more because it was very difficult to juggle the interests of employers, workers, financial institutions, and the unions.

He said that for those earning over the minimum wage, it may be better to join a private fund because with a good yield, a larger pension can be had.

Invermanana President Juan Francisco Hernandez said that much of the working population earning the minimum wage should stick with the ISS because if a minimum wage is guaranteed, why pay 150 weeks more?

* ANIF President on Reforms

94SM0158E Santa Fe de Bogota EL TIEMPO in Spanish 5 Dec 93 p 4C

[Commentary by Javier Fernandez, president of the National Association of Financial Institutions (ANIF): "The Surviving Reform"]

[Text] The Social Security Law just passed by Congress is one of the most important economic reforms of recent decades. Many persons played a part in this achievement, starting with the president, who initiated the legislation and without whose vision and decisive support the change would not have had any hope of success.

I must reserve space here to comment on the substance of the law, but I would at least like to emphasize the fact that Minister of Labor Luis Fernando Ramirez, who actually authored the reform of the retirement system, won the admiration of the country by virtue of his mastery of the subject, his perseverance, calmness, and recognized effectiveness in promoting a proposal for which many had repeatedly given up hope this past year.

Black marks will go on the records of the various obstructionist forces that were bent on throwing a monkey wrench into the works in order to halt the process or derail it. In some cases, the opposition was predictable for simple ideological reasons. For the historical record, however, it would be false to claim that the unions or most of Colombia's economists in the academic world played a positive role in the passage of this far-reaching reform.

Unfortunately, the proposal did not come out of the test intact. Obviously, not all of the modifications in the government's original version could honestly be considered as "improvements," and several are inappropriate. Nevertheless, the real "guts" of the reform were saved. Beginning next year, Colombians will have an alternative to the traditional inefficient and excessive government monopoly over the administration of pensions.

Fortunately, the idea of opponents of private pension funds of crippling them at birth by virtue of a "mixed" system in which Colombians opting for such funds would remain bound to the ISS for life failed to thrive. Although two pension systems will exist in the future—including the common pot—at least membership in either one will be exclusive.

Unfortunately, a populist thrust in Congress altered the essence of the system of distribution by providing that the Treasury will cover any shortfall. The provision is so absurd, fiscally speaking, that workers would do well to foresee that once the inevitable cash deficit occurs in the system, the law may be modified to raise dues or cut benefits.

With respect to the relationship between dues and benefits offered by the system of services provided, insufficient progress was made to guarantee that the system will be financially balanced. In addition, an absurd regressive subsidy was maintained, higher for persons in upper-income brackets than for those in the lower brackets. However, dues were at least increased, the minimum number of weeks of payment required for eligibility was raised, retirement ages were modified slightly, and a correction was made in the absurd current rule that a person retires with the wage he was paid for the last two years, an inexhaustible source of abuses.

Any demagogue could argue that cutting benefits and increasing dues imply an improvement in the system, but I believe it is to insult the intelligence of Colombians to suggest that one can maintain a dreadful financial imbalance in the system of retirement without forcing workers having to pay the price in the end and, what is worse, doing so in a disorganized, traumatic fashion once the system has reached the crisis stage. Because the financial imbalance is reduced, the Colombian economy is now on a firmer footing and its possibilities of development have therefore improved.

Henceforth, the system will begin to generate foreign exchange, resulting in substantial savings. The counterpart of these higher reserves will be more productive capital and an acceleration of economic development.

The program contains two negative aspects that reflect the determination of some to block and obstruct in various ways the vigorous development of the pension funds, turning the "grand reform" into a "minireform" at all costs. One way is the exaggeratedly long transitional period provided for maintaining the existing system. The other is discrimination against workers who join the funds.

Rules for the transition will practically exclude from these funds all women over the age of 35 and men over 40. With respect to discrimination, it was stubbornly established that workers in the lower-income brackets who transfer to the pension funds will be required to pay into them longer than they would into the ISS in order to be guaranteed a minimum pension.

Nevertheless, despite the law's numerous requirements that are aimed at preventing the emergence of a strong pension fund system, I believe the funds will offer workers a far more attractive combination of profitability and service than what we have at present and that in the final analysis, the market will demonstrate its superiority. The future is upon us!

*** Ex-Guerrillas Joining Rural Security Forces**

94SM0149B Santa Fe de Bogota EL TIEMPO in Spanish 2 Dec 93 pp 1, 14A

[Article by Miller Rubio]

[Text] Approximately 2,500 men, who in the past fought as armed rebels and clashed with the law, will now be enforcing the law.

The head of the DAS [Administrative Department of Security], Fernando Brito Ruiz, yesterday revealed the start of an ambitious plan to incorporate those ex-rebels into rural DAS units all over Colombia.

The official said yesterday that they have reached an agreement with organizations of former rebels all over Colombia, which clearly establishes the commitment that the ex-guerrillas will now have to the state and this investigation organization.

Former combatants will be given highly specialized training covering investigation, law, and democracy before being assigned to rural DAS units all over Colombia.

The program is based on the knowledge of these areas that the former rebels acquired during their antigovernment activities.

DAS sources said the program is designed to boost effectiveness in obtaining information, which should generate better results in the fight against subversive groups.

"We are being very careful," said Brito, "about giving them good training and maintaining good control. The status of their activities and the responsibility of each of these men must be very clear."

The official also said that leaders of the demobilized groups have made direct commitments to the DAS about supervising the activities of these new rural detectives.

The DAS said the leaders will monitor the situation of each of the former rebels, and said that "when a situation arises that is not very clear, they will bring it to the attention of the government or of the organization."

Bruto also said that at the present time 150 former guerrillas who have been demobilized are working to protect their own leaders. These men were trained by the DAS for this program.

The DAS director stated: "Now we are going to begin a rural security program that we will implement through a

reasonable process of explanation, training, and evaluation of the aptitudes of the ex-rebels."

These men will be subjected to intensive counterintelligence scrutiny in order to minimize the risks of infiltration by subversive organizations operating in Colombia.

Peru

More 'Terrorists' Repent After Call To Lay Down Arms

PY1201180494 Lima EXPRESO in Spanish 4 Jan 94 p A3

[Excerpt] Daniel Espichan Tumay, the special prosecutor for terrorist crimes, on 3 January told EXPRESO that 1,500 subversives have sought shelter so far under the Repentance Law. He added that most of them made this decision after the announcement of [Shining Path leader] Abimael Guzman's and the Shining Path leadership's call to lay down arms.

Espichan said: "Before Abimael's letters, we had recorded about 400 repented terrorists. After Abimael's letters, this number tripled."

Espichan noted that 780 Shining Path terrorists and 730 MRTA [Tupac Amaru Revolutionary Movement] terrorists have sought shelter so far under the Repentance Law.

Espichan said 1,300 terrorists, 300 of whom are serving life sentences, were sentenced in 1993.

Sabotage

EXPRESO also was able to determine that discrediting the Repentance Law mechanisms to discourage the surrender of Shining Path militants reportedly has become a key objective for Shining Path subversion.

Experts on Shining Path subversion, who preferred to remain anonymous, said that in order to achieve their objective the terrorists now are presenting an alleged new group, reportedly formed by former repented terrorists who allegedly have been frustrated because they did not receive the Repentance Law's benefits.

Thus, there allegedly exists a self-styled "5 de Abril" group, allegedly formed by former repented terrorists and allegedly headed by [Shining Path leader] Julio Cesar Mezzich himself.

The experts said the Maoist gang actually is seeking methods to prevent its supporters from repenting. The experts emphasized that the Shining Path's concrete objective is to prevent its supporters from seeking shelter under the Repentance Law.

The experts noted: "The terrorists are engaged in a sabotage campaign against the Repentance Law because it represents the measure most threatening to them." [passage omitted]

Helicopter Crash Kills 'At Least' 15 Military Officers*PA1201213594 Paris AFP in Spanish 2104 GMT
12 Jan 94*

[Text] Cusco, Peru, 12 Jan (AFP)—The Peruvian police have reported that at least 15 high-ranking military officers died today when a helicopter crashed at the international airport of Cusco, the former capital of the Inca empire.

The helicopter was a total wreck after crashing at the end of the airport's runway, apparently, for lack of fuel, according to preliminary information, the source reported.

General Who Sentenced Guzman Dies*PA1201215494 Madrid EFE in Spanish 2103 GMT
12 Jan 94*

[Text] Lima, 12 Jan (EFE)—Peruvian General Jose Picon Alcalde, who sentenced Abimael Guzman and Victor Polay, the leaders of the Shining Path and the Tupac Amaru Revolutionary Movement, respectively, to life in prison, died today with 13 other high-ranking officers when the helicopter in which they were travelling crashed in Cusco.

One week ago, General Picon, former chairman of the 4th Supreme Council of Military Justice, assumed command of Peru's 4th Military Region, headquartered in Cusco, a south Andes region. According to Radio Programas del Peru Network, the tragedy occurred under circumstances that have not been clearly explained yet, when the aircraft was overflying Cusco's Velasco Astete Airport.

According to an initial military report, the helicopter crashed for lack of fuel, but witnesses told the radio station that the aircraft exploded in the air, before crashing. This second version involves the possibility of the incident being a terrorist attack.

The crash zone, a 200 square meter area over which the helicopter debris and bodies of the passengers are spread, has been surrounded by troops who are keeping the media away.

New Commander of Upper Huallaga Command Sworn In*PY1201142694*

[Editorial Report] Lima EL PERUANO in Spanish on 5 January on page A5 in an unattributed 150-word article reports that Army commander General Nicolas de Bari Hermoza Rios on 4 January presided over the swearing in of Brigade General Alfredo Rodriguez Riveros as new commander of the Upper Huallaga Front, replacing Brigade General Eduardo Bellido Mora. The Army commander also presided over the swearing in of Brigade

General Vladimiro Lopez Trigoso as 5th Infantry Division commander, replacing Brigade General Carlos Grigoletto Cortijo.

Editorial Criticizes Armed Forces Promotions*PY1201135394 Lima EXPRESO in Spanish 5 Jan 94
p A26*

[Editorial: "Many Officials in the Armed Forces"]

[Text] Those who follow developments within the Armed Forces closely—something that still is an occult art in Peru—have been surprised by the number of officers promoted to the rank of division general while at the same time no retirements or the so-called "changes of commission"—i.e. commanders' new stations—have been announced yet, something that generally takes place by mid-December.

This delay not only demands a satisfactory explanation but also leads to the issue—which seems to be taking forever to settle—of the necessary reform of the Armed Forces. The promotion of a considerable number of generals without there being a single retirement only worsens the old problem of an excess number of officers in our Armed Forces.

Granted, sending officers into retirement does not ease the burden on the state, but at least the number of officers on active duty does not continue to grow and, ultimately, the budget will tend to be divided among fewer officers.

To the contrary, the overpopulation of officers has an immediate effect on the efficiency of institutes and on costs and wages. The fact that officers do not earn a decent salary is due, to a certain extent, to their being too many of them. Low wages, in turn, are a hotbed for all sorts of corrupt practices that undermine the Armed Forces' morale. In the end, only those who manage to accommodate those practices or who have a family fortune tend to survive, and not necessarily the upright and talented ones.

Therefore, it is a matter of national security to implement an important reform within the Armed Forces. It should not only include the number of officers but also the equipment it has and the purchases made. The lack of openness in military purchases—reportedly justified by the very nature of the issues linked to national defense—prevalent for such a long time has given rise to a stifling atmosphere that has bred corruption. The embezzlement committed against the Navy, for example, is a case in which the country will not back off from its determination to find the culprits.

The subject of the Armed Forces and the necessary openness on its main issues has not been properly approached yet. And it should be approached properly just as much as the rest of the main national subjects. The armed institutions must not remain aside in the

reform that is being carried out in all sectors of society, the economy, and the state, and that is making our national recovery possible.

Army Officers Arrested in La Cantuta Disappearances
PY1201142494 Lima EXPRESO in Spanish 5 Jan 94 p A4

[Excerpts] Eight Army officers and subordinates have been arrested on a military court warrant in connection with the disappearance of a professor and nine students at La Cantuta University.

This information was disclosed by General Guevara Guerra, new Supreme Court of Military Justice president, who was sworn in for the post on 4 January and opened the court's first session of the year.

Guevara belongs to the Army's legal corps and replaces Vice Admiral Roberto Duboc Deza, who occupied the post for three consecutive years and now holds a high-level Navy post. [passage omitted]

Unofficially it was leaked that the following are the Army officers under arrest: Generals Juan Rivero Lazo, head of the Army Intelligence Directorate (Dinte), and Federico Navarro Perez, former special operations chief; Major Santiago Martin Rivas; and Lieutenants Aquilino Portella Nunez and Jose Adolfo Velarde Astete, among others. [passage omitted]

Public Companies Scheduled for Privatization Listed

PY1201165194

[Editorial Report] Lima EL PERUANO in Spanish in its 4 January issue, on page B2, carries an unattributed 700-word article listing the public companies that will be sold to the private sector this year. There are 26 companies involved in finance and insurance, mining, services, construction, fishing, industry, agriculture, and others. They are:

Reaseguradora Peruana, Peruvian Reinsurance Company: scheduled to be auctioned on 27 January.

Interbanco: to be auctioned in the first quarter of the year.

Continental: the third-largest bank in Peru.

Minero Peru, Peruvian State Mining Enterprise: It has been split up. La Granja copper mine will be auctioned on 12 January; Canariaco copper and Concesiones Auríferas, Gold Concessions, will be auctioned on 14 January. The Ilo mineral refinery will be sold on 28 January.

Mishki: to be auctioned on 16 February.

Centromin, Central Peru Mining Enterprise: a mining complex that includes a refinery. It will be auctioned during the first quarter of the year.

Siderperu, Peruvian State Iron and Steel Enterprise: The most important national steel company, to be auctioned in the second half of the year.

Telecommunications services: On 31 January, 35 percent of the shares of Entelperu, National Telecommunications Enterprise of Peru, and 19 percent of the Peruvian Telephone Company's shares will be auctioned.

Electrolima, Lima Electricity Company: It will be divided in two and 60 percent of the assets will be auctioned. Ten percent of the shares will be sold to its workers.

Electroperu, Peruvian State Electric Power Enterprise: It will be divided into five parts that will be auctioned independently in the second quarter of the year.

Enturperu: The sale of this hotel chain will start in the second quarter of the year.

Cerper, Public Enterprise for Fishing Certificates: to be sold on 18 February.

Cementos Lima, Lima Cement Company: Through a combination of public and stock exchange auctions, 48.87 percent of this leading cement company's shares will be sold in February.

Cementos Yura: the third largest national cement company. It will be sold in the second half of January.

Pescaperu, State Fishing Meal and Fish Oil Production Agency: The sale of its property will continue on 11 January. The fish processing plants will be auctioned individually after the General Fishing Regulations are proclaimed.

Epsep, Peruvian Enterprise for Fishing Services: The sale of excess equipment will begin on 17 January. Production equipment, including cold storage houses and market places, will be sold later.

Fishing complexes: Pesquera Sur of Ilo, Pesquera Grau of Paita, and Pesquera Samanco of Samanco will be sold through public auction during the first quarter of the year.

Sociedad Paramonga: This chemical-paper complex has been divided into 11 units, three of which already have been sold. A fourth, Chillon Corrugated Cardboard Company, will be sold on 31 January. The rest will be sold at a pace of one per month.

Chavimochic Project: Starting in February, 19,000 hectares of this irrigation project will be broken up into 30 plots and sold.

Emsal—Salt Company, Tintaya, Enata—National Tobacco Enterprise, and the Chao Agroindustrial Complex also will be privatized.

Roundup of Economic Developments Through 11 Jan

PA1201124694

[Editorial Report] The following is a compilation of reports on Peruvian economic developments monitored through 11 January. Source is cited in parentheses following each item.

The National Association of Exporters said today that in 1993, Peru's trade balance was negative for a third consecutive year. The export-import deficit reached \$530 million. In 1993, Peru exported goods worth \$3.467 billion and imported goods worth \$3.997 billion. (Mexico City NOTIMEX in Spanish 1833 GMT 5 Jan 94)

According to Petroperu, the state petroleum agency, crude oil production increased 9.2 percent in 1993 over 1992. Daily production is averaging 126,200 barrels. (Paris AFP in Spanish 2129 GMT 4 Jan 94)

Canadian Foreign Relations Minister Cristine Stewart said on 8 January that \$25 million will be given to Peru for assistance programs, specifically targeting social programs. Stewart also noted that Canadian businessmen are interested in investing in Peru and that she will study investment prospects in this country during her visit. (Madrid EFE in Spanish 2315 GMT 8 Jan 94)

The German and Peruvian Governments today agreed to consolidate the Peruvian debt. According to the agreement, due dates for Peruvian debt have been rescheduled for March 1996 in order to reduce pressure to make payments on \$90 million. Economy Minister Jorge Camet said that the agreement has also postponed the cancellation of loans until 2003 and 2006. Camet also stressed that a recent \$30-million loan by the German Government is part of its 1993 contribution to the Support Group for Peru. (Hamburg DPA in Spanish 0142 GMT 5 Jan 94)

Peru collected \$4 billion in taxes in 1993. The National Superintendency of Tax Administration confirmed that as a result Peru has surpassed the goal set by the IMF, which said that taxes collected in 1993 must be equal to 10 percent of the gross national product. (Lima Global de Television Network in Spanish 0100 GMT 5 Jan 94)

Modifications to the tax system designed to increase tax revenues will take effect on 1 January. People earning less than 900 soles a month will not pay any income tax, while those earning more than that figure will pay a 15-percent income tax. People earning 7,000 soles a month will pay 30 percent. (Lima Global de Television in Spanish 0100 GMT 4 Jan 94)

Uruguay**Government Confirms 1994 Economic Program**

PY1101153994 Montevideo EL OBSERVADOR ECONOMICO in Spanish 5 Jan 94 Economy Section 1 p 6

[Text] Official sources told EL OBSERVADOR ECONOMICO on 4 January that the government fully confirmed the 1994 economic program and the main targets designed with IMF experts during a 3 January meeting at the presidential residence in Punta del Este.

In addition to President Luis Alberto Lacalle, Economy and Finance Minister Ignacio de Posadas; Gustavo Licandro, the Economy and Finance Ministry under secretary; Javier De Haedo, the Planning and Budget Bureau director; and Ernesto Talvi, the Central Bank economic policy manager and a Central Bank adviser, participated in the meeting at the Punta del Este official residence.

The sources noted that Lacalle and his economic team reviewed last year's main achievements and confirmed the main guidelines for the 1994 program.

The sources said these policy decisions are aimed at having the inflation rate meet the monetary and foreign exchange rate projections and achieving strict compliance with the expenditures policy in order to "again" achieve the fiscal balance target.

In addition, official projections estimate that "for the fifth consecutive year" the net debt levels will be reduced, an approximate 1.5-percent economic growth rate will be achieved, the Central Bank reserves will grow again, and a deficit-laden [as published] trade balance will be achieved.

The program keeps a 33 percent ceiling for the public sector's salary increases in 1994, including an additional 2.7-percent increase for the settling of accounts and 9-percent adjustments in May and September.

Spending Constraints

The sources explained that the implementation of a number of measures was confirmed given the 1993 salary adjustments and the loss of some financing sources prompted by tax reductions. These measures will allow the government to achieve a fiscal balance during its last year of administration, thus closing a \$270 million fiscal gap, involving about two percentage points of the GDP.

The aforementioned measures include limiting current expenditures to 90 percent of those actually incurred in 1993, cutting back on investments in central administration and public enterprises, adjusting for lower unbudgeted expenditures, and increasing ANCAP [National Administration of Fuels, Alcohol, and Portland Cement] and UTE [State Electric Power and Telephones] rates by another 10 percent. The 10-percent increase in ANCAP and UTE rates already has been partially implemented through the November and December adjustments.

Agreement on Mercosur Common External Tariff Reported Near

*PY1101142094 Montevideo Radio Carve in Spanish
0000 GMT 11 Jan 94*

[Text] Diplomatic sources reported that negotiations between Argentina, Brazil, Paraguay, and Uruguay on the establishment of a common external tariff for Mercosur [Common Market of the South] member countries could reach a successful conclusion this week. The countries would establish a 12 percent common external tariff, which would become effective in the year 2001, on investment goods, software, and hardware.

The agreement between Argentina and Brazil, after frantic bilateral negotiations, would result in the implementation of customs duties on the aforementioned products, something Uruguay and Paraguay would accept during the meetings that will take place in Montevideo this week. The controversy between Argentina and Brazil stemmed from their different stances, both on when the common external tariff should take effect and on the tariff level. Brazil did not want investment goods, software, and hardware included in the customs union for five years and wanted to be protected by a 35 percent tariff. Argentina, on its side, contended that these products had to enter Mercosur countries duty-free and that this provision had to be enforced immediately.

The possible agreement would give Mercosur member countries some leeway to negotiate a zero common external tariff until 2001. Furthermore, it would entail an increase in tariffs for agroindustrial machinery, industrial equipment, hardware, and software for Argentina, Paraguay, and Uruguay.

Navy Grants 10-Day Leave To Ease Economic Woes

*PY1101001394 Montevideo BUSQUEDA in Spanish
5 Jan 94 p 1*

[Text] The Navy gave a leave of absence for almost 10 days to the majority of its personnel in order to make savings and to alleviate a difficult economic situation "caused by the current circumstances," Navy sources have told BUSQUEDA.

The managerial decision, which is known as "general leave," was ordered by the Navy command for the

period from 24 December to 2 January. Essential Navy services were not discontinued.

A government source said that the Navy was facing "serious" economic problems, noting that "it has debts" and "had asked the government for an advance, which was not granted."

Navy To Install Complementary Artillery System in 1994

*PY1101183494 Montevideo LA MANANA in Spanish
7 Jan 94 p 3*

[Text] The Navy will install complementary artillery systems in seven warships this year. It involves 10 guns that were purchased in 1993. Two of these guns will be installed in each of the three frigates of the Sea Force and the rest will be installed in the four Navy minesweepers, one gun in each boat.

The frigates were manufactured in France, as were three other light patrol crafts manufactured in 1981 at Uruguay's request. These patrol crafts have design problems and suffer constant cracks in the rudder. A decision has thus been made to sell them and the proceeds would be used to improve Navy salaries.

The Navy has four minesweepers from the former German Democratic Republic's disbanded Navy, four minesweepers based in the Uruguay River, two support ships that usually run to Antarctica, the training ship Capitan Miranda—which is currently under repair in Spain, a buoy tender, a tugboat, and three amphibious craft.

The Navy is also studying the possibility of adding a new helicopter to the Naval Aviation fleet of three helicopters, various maritime patrol planes, and training planes.

The weekly "BUSQUEDA" yesterday published a report stating that between 24 December and 2 January the Navy released personnel "to generate savings that (...) will alleviate a difficult economic situation."

Naval sources said that between 24 December and 2 January "there were no meals for personnel" in an "unprecedented lack of foresight" in the Navy.

The sources explained that guard services like those at weekends were posted, but the situation returned to normal early this week when the 1994 budget funds became available. Defense Minister Daniel Hugo Martins subsequently confirmed this report to Radio Carve.

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